

APRIL 24

1937

APR 26 1937

BUSINESS WEEK

BUSINESS
INDICATOR



McGRAW-HILL
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RED GOLD — For war or peace?

20 CENTS

EUROPE: BOOM AND BLUFF

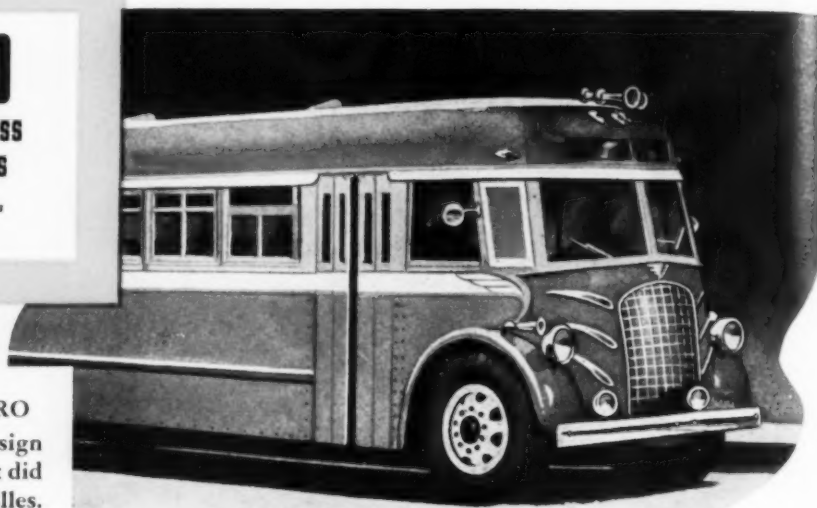
The Foreign Editor brings home a first-hand report

Blazing new trails to profits with

ENDURO

REPUBLIC'S PERFECTED STAINLESS
AND HEAT-RESISTING STEELS

Licensed under Chemical Foundation
Patent No. 1339378



TO THE FRONT GOES ENDURO

ENDURO will hit many of your design problems right on the nose, just as it did when used for bus radiator grilles. Stainless, resistant to rust, bright, easy to clean and stronger than ordinary steel, ENDURO finds many uses on buses.



ENDURO HAS ITS UPS AND DOWNS

Up and down, all day long, go elevator cabs of ENDURO. This remarkable metal is well fitted for this use because of its beauty and variety of finish, its cleanliness and ease of cleaning, its ease of fabrication and its high strength.



ENDURO BLOWERS STRIKE A BLOW AT HIGH COSTS

By using heat-resisting ENDURO for industrial intake and exhaust blower fans used in furnaces, a prominent manufacturer is able to install the fans nearer to heating chambers and thereby materially increase power plant efficiency and cut maintenance costs.



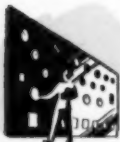
BOLTS THAT HOLD UNDER ALL CONDITIONS

Bolts, nuts and rivets join and hold materials together only as long as they last. Where conditions are severe, alert engineers and manufacturers now use headed and threaded products of ENDURO, Republic's Perfected Stainless and Heat-Resisting Steels.



A CHIPPER USE FOR A CHIPPER METAL

Bright and lively in appearance is ENDURO—as well as corrosion-resisting and strong. Thus, it becomes the ideal material for ice chippers. Made of ENDURO 18-8 with chipping prongs forged and tempered to needle point fineness, they last indefinitely.



FINE INSTRUMENTS DESERVE FINE PANELS

Modern instruments designed with considerable thought for appearance can now be mounted on lustrous panels of ENDURO—attractive, resistant to corrosive attack or discoloration from atmosphere and fumes, and easy to keep clean and spotless.



HAT MAKERS TAKE OFF THEIR HATS TO ENDURO

Hat makers are loud in their praise of ENDURO. No longer need they battle against metal corrosion in hat dyeing—no longer need they worry about variations in shades. ENDURO used for dye tanks has eliminated these worries.



DAIRIES CAN'T TAKE CHANCES —THEY USE ENDURO

In few industries is the popularity of ENDURO greater than in dairies. Its shining, non-porous, easy-to-clean surface, together with its freedom from contamination and its high strength, make it the choice of dairymen.

For beauty, sanitation, corrosion-resistance or heat-resistance —with high strength and long life—no matter what you make—consider ENDURO Stainless Steel, trail blazer to better products and bigger profits. Write today for full information.

When writing Republic Steel Corporation for further information, please address Department BW

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STEEL
Republic Steel
Corporation

GENERAL OFFICES . . . CLEVELAND, OHIO
ALLOY STEEL DIVISION . MASSILLON, OHIO

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New Business

ADOPTING a hunch inspired by a visit to the Pan American Union, W. G. Herron, manager of Santa Barbara, Calif., Chamber of Commerce, translated a grist of his travel promotion literature into Spanish and mailed it to South America. Mail response is tremendous; Santa Barbara lies awake nights, pre-counting the influx of promising moneyed Latin-Americans.

HARBINGER notes: Daylight saving engenders new train schedules on the New York Central and the Pennsylvania and other lines, all effective Sunday, Apr. 25. On the same day, the Pennsy will inaugurate a new non-extra-fare train, the "General," with an overnight New York-Chicago schedule of 17½ hours.

ALREADY employing more waves and bands of hypothetical ether than any other outfit, Procter & Gamble schedule another series of Hollywood Gossip broadcasts to begin May 21 over a nationwide NBC network. This will give P&G 21 programs, all told, with a total of 80 broadcasts per week.

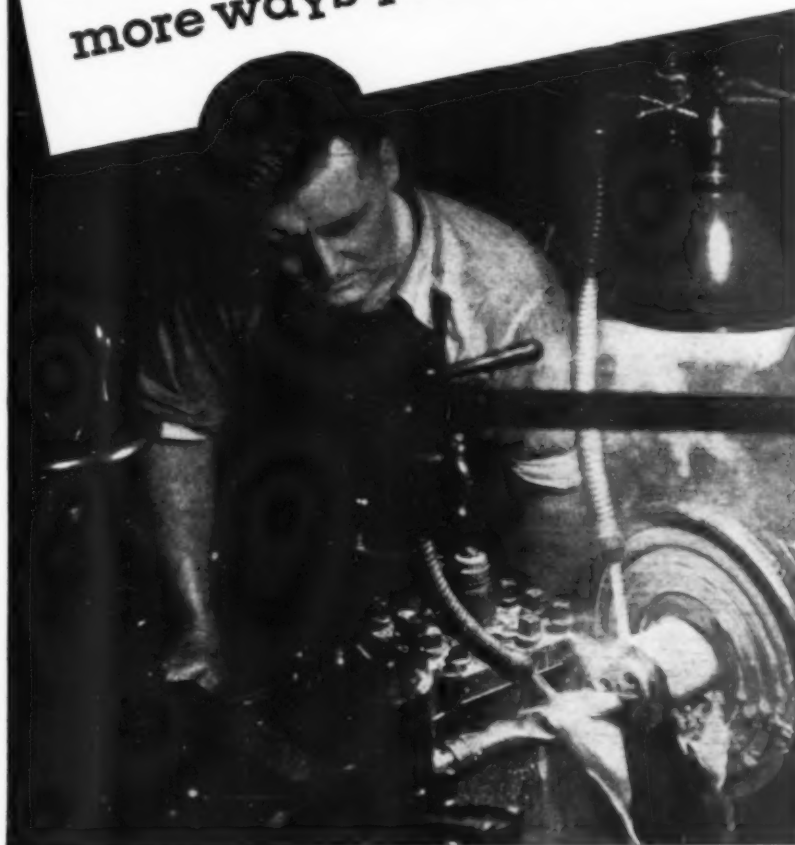
"Of 405 representative industrial companies surveyed," reports National Industrial Conference Board, "only 18, or 4.4%, have made it a definite policy not to hire male workers 40 years of age or over." The board's new publication, "Personnel Practices Governing Factory and Office Administration," goes on to take some of the joy out of those who are just beginning life at 40 by saying that this does not necessarily mean that age has no bearing on the employment of new workers.

FROM land leases to building leases to wire leases, leasehold evolution marches on. Mrs. Eleanor Patterson announces that William Randolph Hearst has leased the Washington Herald to her for a period of years.

DURING Louisville's Kentucky Derby Festival Week, Calvert Distillers Corp. will discover how sweeter far than the uses of adversity may be those of publicity. Officially sanctioned by American Power Boat Association and National Outboard Association, the Calvert Marine Derby, May 2, will signalize the opening of the Northern

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Don't Look Now
(we'll point it out when we get there)
but there probably are
more ways you could save



ONLY when it will pay for itself and earn a profit for you besides should production equipment be bought.

We can show you before you invest a penny exactly what new Warner & Swasey Turret Lathes would earn for you (for many users they increase production 30%, cut cost per piece 50%, earn net profit of 20%).

Our field representatives are practical production men who will put on overalls in your shop and prove what new equipment would accomplish. If they can't prove a profit, neither you nor we want you to invest. If they can prove a profit (prove, we said) you want to know about it.

WARNER & SWASEY Turret Lathes



For the First Time
**A GREAT STATE OFFERS
 PLANNED COOPERATION TO INDUSTRY**

No state in America offers more inspiration to men of Industry than Mississippi. Here, in these modern times, is a virgin industrial state where all producers of goods may come and find unexploited manufacturing opportunities.

So certain are the people of Mississippi that profit awaits those worthwhile industrial enterprises which locate within its borders that they have, by law, devised a plan to share the cost of industrial development in the state. This is not only in the form of tax exemption by municipalities and counties but actual assistance with the cost of land and buildings. This new law, the first of its kind, makes Mississippi an industrial haven for practically every form of industry, to the mutual benefit of both the manufacturer and the community.



Steeped in the traditions of the Old South, Mississippi is known as a land where gracious hospitality has always reigned. This same friendly spirit on the part of every Mississippian awaits manufacturers who wish to come here to work and to live. For full information address the Mississippi Industrial Commission, Jackson, Mississippi.

MISSISSIPPI INDUSTRIAL COMMISSION
A Department of the State of Mississippi
JACKSON, MISSISSIPPI

Mississippi's greatest industrial attractions are found in the opportunities it offers for low manufacturing costs. The undeveloped resources of the state; the wealth of raw materials; the high percentage of friendly, native, Anglo-Saxon labor; the excellent transportation facilities by water, rail, air and bus; the low power rates; the ideal year around climate . . . Mississippi offers you all of these basic factors to help you lower your manufacturing costs.

Surely, this rich region is deserving of your careful investigation. To assist you, the Mississippi Industrial Commission is ready to supply you, without obligation, a confidential survey based on the needs of your own particular company. This same Commission also stands ready to lend its full cooperation to your company and to the municipality in which you wish to locate.

motor boat racing season with hydroplanes and outboard churning and bucking over a measured mile and a half of river water.

SAFETY notes: *Bus Transportation* makes its safety awards to the nation's safest bus drivers, the co-winners of the intercity prizes having driven 1,168,000 and 1,100,000 miles respectively, each "without scraping a fender or causing any damage to his bus, other vehicles, or pedestrians." American Airlines, Inc., explodes a broadside: "Why dodge this question: Afraid to fly? . . . Whether you fly or not, does not alter the fact that every form of transportation has one thing in common—risk! . . . As soon as you become acquainted with air transportation your fear will be replaced by your enjoyment of the many advantages of air travel."

THE art and science of freezing and frosting foods grows apace. Dr. J. S. Caldwell, Department of Agriculture, reports a remarkable countrywide growth in community freezing plants, and stresses the taste and texture superiority of frozen fruits and vegetables.

WITH Warner & Swazey sold up for months ahead, H. W. Fortey, director of advertising, works on detailed plans to train turret lathe operators to produce more on their present machines. He feels that with proper training he can increase operator efficiency 30%, making it unnecessary for customers to order additional machines while deliveries are slow.

NEW business with an antique twist is that of Fred Phillips, Jr., who has been ranging the highways and byways and old-time print shops in his search for old-fashioned and odd type faces, of which he makes reproduction proofs for sale.

NEW publications: (1) "First Supplement of Shows and Exhibits Scheduled for 1937," published by Exhibitors Advisory Council, Inc., contains approximately 400 new industrial and trade show listings giving names, dates, and locations. (2) "1939 World's Fair Progress on San Francisco Bay," published by Golden Gate International Exposition, reviews "three years of planning and one full year of actual work." (3) "Applying Natural Laws to Production," published by Mathews Conveyor Co., shows "how modern industrial production is based on the principle of continuous flow."

ALREADY air-conditioned for temperature and humidity, four floors of Chicago's 45-story Field Building will be equipped with electrostatic air cleaners, thus making it probably the first office

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building so equipped. Controlled electric fields will remove 99% of dust particles in the controlled atmosphere. Westinghouse will make the devices.

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ORIGINATORS and owners of trade-marked trade names which are too titillating to popular fancy have their sorrows. "Celluloid," "Kodak," "Cellophane," all enjoyed their printed heyday in caps and quotes, then gradually took their respective and respectable places in popular speech, dictionary, and lower case type. "Lastex," the registered trade mark applied to an elastic yarn manufactured exclusively by United States Rubber Products, Inc., shows disturbing signs of similar hyper-titillancy. U. S. Rubber requests that it always be printed "with an initial capital and be enclosed in quotation marks."

As general United States agents for Imperial Airways, Cunard White Star Line takes over all sales effort for the British air service in this country. By sailing on the *Queen Mary* to England, and flying on Imperial Airways thereafter, it is possible to shave 15 days from travel time to Calcutta.

EXECUTIVES who may have had some little trouble in keeping mailing lists up to date will receive no comfort in the fact that during 1935, 375,000 commercial and industrial enterprises, big and little, discontinued business; 390,000 new ones started in.



Business Week

EGGING ON PROGRESS — General Motors' traveling research show, "Previews of Progress," reveals new breakfast cookery, induction egg frying for instance. Heat, one form of energy, goes through newspaper as a magnetic field. Magnetism induces heat in metal frying pan. Pan fries egg.

Guaranty Trust Company of New York

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

MAIN OFFICE
140 Broadway

MADISON AVE. OFFICE
Madison Ave. at 60th St.

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

Condensed Statement, March 31, 1937

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 537,924,641.21
Bullion Abroad and in Transit	6,444,270.00
U. S. Government Obligations	582,269,639.30
Public Securities	46,271,928.70
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	23,551,603.58
Loans and Bills Purchased	670,717,877.79
Credits Granted on Acceptances	37,189,420.81
Bank Buildings	13,256,359.39
Other Real Estate	477,075.13
Real Estate Bonds and Mortgages	2,290,946.10
Accrued Interest and Accounts Receivable	16,275,266.47
	<u>\$1,944,469,028.48</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	9,693,212.80
	<u>\$ 269,693,212.80</u>
Dividend Payable April 1, 1937	2,700,000.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc.	23,598,131.90
Items in Transit with Foreign Branches	1,125,560.20
Acceptances	\$49,857,180.88
Less: Own Acceptances	
Held for Investment	12,667,760.07
	<u>37,189,420.81</u>
Liability as Endorser on Acceptances and Foreign Bills	6,974,395.00
Agreements to Repurchase Securities Sold	811,291.00
Deposits	\$1,574,051,251.22
Outstanding Checks	28,325,765.55
	<u>1,602,377,016.77</u>
	<u>\$1,944,469,028.48</u>

Securities carried at \$12,310,348.63 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

WILLIAM C. POTTER, Chairman

W. PALEN CONWAY, President

EUGENE W. STETSON, Vice-President

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LEWIS GAWTRY	President, The Bank for Savings in the City of New York	GEORGE E. ROOSEVELT	of Roosevelt & Son
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		GEORGE WHITNEY	of J. P. Morgan & Co.
		L. EDMUND ZACHER	President, The Travelers Insurance Company

(Member Federal Deposit Insurance Corporation)



STOVE GOLD

In '49, placer mining monopolized California's time and thought. One merchant, however, used his ingenuity to stake a claim to surer gold: Foreseeing an essential need, he loaded a ship with stoves, unloaded them at San Francisco—and struck it rich.

In any industry, the careful study of current needs and trends holds far greater promise of substantial returns than do random stabs or hunches.

So widespread and continuous has been the development of Molybdenum irons and steels

that Climax has virtually become a "clearing house" for ferrous-alloy information. Our accumulation of laboratory, field and service data may hold the very solution to some product or production problem which may result in substantial savings, but still improve your product.

These data are available to your engineers. We suggest that administrative and sales executives write for our interesting non-technical book, "Molybdenum in Industry." Climax Molybdenum Company, 500 Fifth Ave., New York.

Climax Mo-lyb-den-um Company

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Washington Bulletin

WASHINGTON (*Business Week Bureau*)—How much more of this year's incomes and corporation profits is the government going to take in the March, 1938, returns than the present rates demand? The answer to that question hangs on two "ifs":

(1) If President Roosevelt can really cut relief appropriations \$810,000,000, in one year as he now estimates, and—more important—if he will cut them that much, present tax rates will stand for 1937 returns.

(2) If the expected happens and relief expenditures are not cut anything like the amount the President proposes, Congress must then determine, next January, whether to make the new taxes retroactive, applying them to 1937 incomes.

Election Hazard Ahead

Assuming relief expenditures are not cut sharply—and scarcely anyone in Washington has any confidence they will be—it would obviously be sound policy to make the new income and corporation levies retroactive. But congressional elections are just at the end of the road. They come on the heels of adjournment of the next session of Congress and every member of the House plus a third of the Senators have to take their chances at the polls.

Fear Reaction to Taxes

Predicting a politician's attitude nine months in advance is dangerous. But it is highly significant that, at present, a very large majority of both houses of Congress are frightened to death of the political consequences of another tax boost. They have impressed the President with their fear that a big tax boost, especially one hitting the small-income folks, might result in a political upset in November, 1938, particularly since the opposition in that election would not be handicapped by a national candidate or a national policy, thus leaving protesting Democrats freer to vote against the Administration.

There's a Limit

The President, Secretary of the Treasury Morgenthau, and Congress are impressed with the law of diminishing returns so far as higher taxes on business profits and big individual incomes are concerned. Treasury experts predicted last year the circumstances which March returns this year showed. But Roosevelt did not believe them then.

NATIONAL "FAIR TRADE"

After several false starts, re-tailing interests supporting the fair trade law plan of price maintenance have secured a special rule which will probably bring the Miller-Tydings national enabling act up in the House on Tuesday. Quick passage is indicated, first there, then in the Senate where the bill has been favorably reported. Enactment will mean that fear of anti-trust prosecution or worry over unusual expense will no longer be accepted as "legitimate" reasons for failure to use the fair trade laws now enacted in more than two-thirds of the states. National Association of Retail Druggists, prime mover in the whole campaign, will hold a big pow-wow of representatives from its state associations in Chicago, May 31 and June 1, to standardize on minimum prices and mark-ups which manufacturers are asked to specify in contracts and to prescribe uniform enforcement routines.

Trimming Relief—A Little

While employment on the works program has been whittled down from a peak of 3,800,000 in February last year to approximately 2,200,000 today, recovery and relief expenditures dropped only 5.2% in the revised estimates—from \$2,776,000,000 in the 1936 fiscal year to \$2,630,000,000 in the current fiscal year. Observers do not wonder that the President resisted the temptation offered by several of his congressional leaders to cut the 1938 relief budget to \$1,000,000,000, but they do wonder if that would have proved any more meaningless than the estimate of \$1,180,000,000, to which Roosevelt says he will try to hold.

In Labor's Favor

With the vesting of greater authority over labor relations in the federal government, Congress will be under even greater pressure both from employer and labor groups and

—because numbers count—it is the latter group which will command the greater respect. While the principle of the Supreme Court's Wagner Act decisions points to the government's responsibility for protecting interstate commerce, legislation is certain to be lopsided with emphasis on minimum wages and maximum hours for the benefit of labor but with no assertion of control over labor unions whose conduct interferes with commerce.

No Wagner Act Addenda

No such acts supplementing the Wagner Labor Relations Act will be pushed by the Administration for the time being. This decision was received with mixed feelings by industrial and union executives at Sec. Perkins' private conference this week. Since Madam Perkins failed in her effort to have the National Labor Relations Board put in the Labor Department, her hope ever since has been to get legislation giving that department a bigger spot in the labor picture.

Wagner Policy Pleases Labor

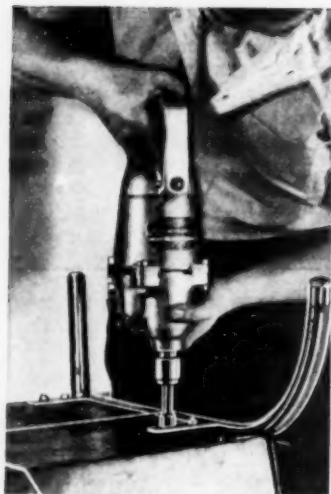
Organized labor has been suspicious of her efforts, fearing that they head in the direction of compulsory arbitration, and the decision from higher up that the Wagner Act will be given a chance to "shake down" before it is enlarged on is much more satisfactory to labor leaders than to industrial executives. If and when the subject is opened up again, business hopes it can push proposals enabling employers to get a foot into the door of the Labor Act and follow through with demands for union incorporation.

Midamerica on the Spot

Political hazards will attach to the sale of Midamerica Corp. by George A. Ball, the fruit-jar maker of Muncie, Ind. Sen. Wheeler's investigation into the ramifications of the Van Sweringen empire will be extended into reorganization by any purchasers. Wheeler also is planning to father legislation to prevent the building up of big railroad systems, representing an investment of billions of dollars, and to keep the entire public interest from being "bandied about like toys," as he puts it. However, a grace period would be allowed before any such prohibition would become effective.

Broader Control for SEC

In conjunction with bills introduced earlier for revision of the Bankruptcy Act, Congress will give immediate attention to the Securities and Exchange Commission recommendations for more effective control



THIS TOOL
TIGHTENS NUTS

4 times as fast
AS THESE



OFTEN you can reduce production and assembly costs simply by the use of the right tools. That's why you should know about the many recent developments in Black & Decker Portable Electric Tools. For instance, the Electric Wrench shown above will tighten nuts and bolts 4 to 6 times faster than by hand. Our new catalog will bring you up-to-date on electric tools and their cost-cutting uses. Address: The Black & Decker Mfg. Co., 745 Pennsylvania Ave., Towson, Md.

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World's Largest Manufacturer of
**PORTABLE
ELECTRIC TOOLS**

over security holders' protective committees. Put in a bill this week, following conference of Chairman Landis with the President, these proposals include providing the courts with administrative assistance in company reorganizations and overhauling trust indentures for the protection of investors.

Speaking of Regimentation

The land-owner shall farm simply enough of his holdings to return him a decent living; the remainder he shall sell, at the direction of the government and at a price to be set by duly constituted authority. Agriculture under one of the more determined dictators? Not at all. Simply proposed regulations to prevent land speculation at Grand Coulee Dam, which are due to be pushed through Congress in short order. And as a final touch, the married owner will be permitted to retain twice as much land as the bachelor.

Taking No Chances

When the Supreme Court knocked out AAA did it invalidate the marketing agreements as well as processing taxes? Courts in Boston and Washington, ruling on AAA's milk licenses, have said yes, and a Los Angeles court said no, upholding a citrus marketing order. AAA is taking no chances, has asked for renewal of its authority in separate legislation, and the House has already acceded.

Reorganization in the Rough

Government reorganization plans are lagging as congressmen violently opposed to particular features of the President's proposals seek to dismember the bill and run it through piecemeal. At the same time it became apparent this week that President Roosevelt's hope of gaining greater control over expenditures hangs to a considerable extent upon reorganization of the government establishment.

No Reserve Policy Shift

Federal Reserve governors think charges of inconsistency in the purchase of \$57,000,000 of government bonds are not well taken. The increase of \$3,000,000,000 in reserve requirements was a long-time measure intended to prevent inflationary expansion. The recent bond purchase was partly a money market matter, partly a step to stabilize the government bond market. In the latter connection, the move is regarded as fairly successful.

Trouble Ahead

Clashes between the Administration and congressional pressure groups will be more frequent as the

session gradually moves from the talk stage into action. A test of strength with the farm organizations is now on. There is no doubt that W. I. Myers, governor of the Farm Credit Administration, laid down formal Administration policy when he opposed extension of the 3½% interest rate on federal land bank loans. The outcome, in this instance, will give an indication of the Administration's strength when exerted against a well-organized minority.

Arming for Disarmament

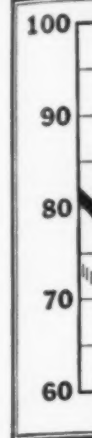
Spending for "defensive" armaments is all right, especially if done with reluctance, according to the latest White House dictum, while spending for "offensive" armaments is wicked. So the United States will go ahead with two new battleships with 16-inch guns. Which makes Britain add two more to her program as her new ones have only 14-inch guns. Some folks prefer the argument that nobody attacks a stronger man, and some the theory that the richest nation can force international disarmament by starting to build more than anybody else—expedient this country used in the late Wilson and early Harding days.

Stepchildren of Boulder Dam

Objections to a double standard in marketing federal surplus power form the basis of Southern California's demand for revision of Boulder Dam contracts written in 1930. With direct competition from Central Valley and with indirect threats from industrial development at Bonneville and Grand Coulee looming in the future, purchasers of Boulder Dam power see no reason why they should pay navigation and flood control charges which the federal government absorbs for their rivals and be required in addition to return a profit on the investment. They will probably win some concessions but not enough to deprive states in the upper Colorado basin of their pickings.

Fashioning Seaway Whip

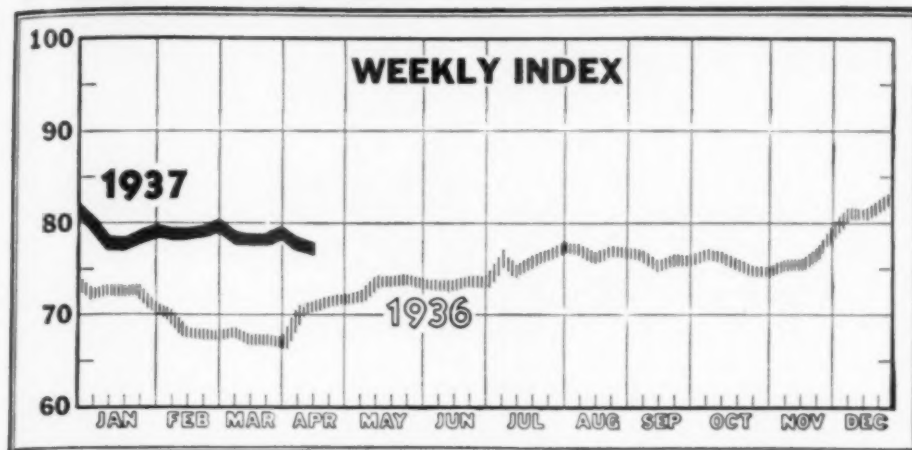
Basil Manly of the Federal Power Commission and Frank P. Walsh, of the New York Power Authority, "old friends" of Lord Tweedsmuir, had an interesting session with the Canadian Governor General at that recent White House luncheon. It transpires that hope seems to be reviving at the White House for the St. Lawrence seaway. Maybe the threat could be used to frighten Atlantic and Gulf Coast senators now balking at the Supreme Court enlargement. Most of them would rather risk jeopardizing the judiciary—as they see it—than have their ports short-circuited.



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BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	*78.0
Preceding Week	†78.4
Month Ago	79.1
Year Ago	72.1
Average 1932-36	62.3

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity).....	91.3	90.3	89.6	70.4	42.7
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)...	*\$8,794	\$8,328	\$8,493	\$7,719	\$5,113
Engineering Construction Awards (<i>Engineering News-Record</i> , 4-wk. daily av.)	\$7,362	\$7,558	\$6,817	\$6,569	\$4,378
*Bituminous Coal (daily average, 1,000 tons).....	*978	†1,363	1,867	1,223	949
*Electric Power (million kw.-hr.).....	2,173	2,176	2,211	1,915	1,630

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Carloadings (daily average, 1,000 cars).....	119	121	125	104	94
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	82	84	80	71	65
*Check Payments (outside N. Y. City, millions).....	\$4,449	\$4,690	\$5,045	\$3,896	\$3,222
*Money in Circulation (Wednesday series, millions).....	\$6,383	\$6,367	\$6,385	\$5,877	\$5,620

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.36	\$1.44	\$1.37	\$1.04	\$.81
Cotton (middling, New York, lb.).....	13.97¢	14.53¢	14.60¢	11.78¢	9.74¢
Iron and Steel (<i>Steel</i> , composite, ton).....	\$40.47	\$40.55	\$40.10	\$33.00	\$31.14
Copper (electrolytic, Connecticut Valley basis, lb.).....	15.167¢	15.500¢	16.250¢	9.500¢	7.626¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	214.6	220.3	222.3	171.6	129.0

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Bond Yields (Standard Statistics, average 45 bonds).....	4.46%	4.49%	4.42%	4.27%	5.38%
Interest Rates—Call Loans, Renewal, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	.75%	1.21%
Interest Rates—Prime Commercial Paper, N. Y. City (4-6 months).....	1.00%	1.00%	.75%	.75%	1.75%
Business Failures (Dun and Bradstreet, number).....	189	190	193	174	350

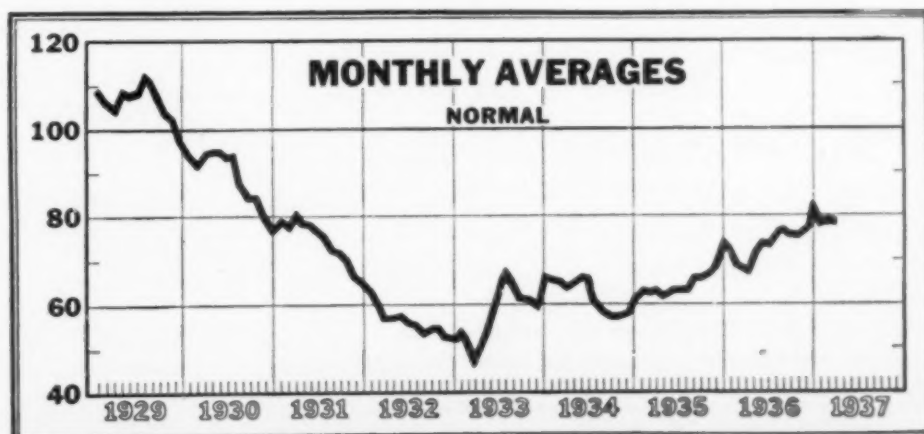
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Federal Reserve Credit Outstanding (Wednesday series).....	\$2,528	\$2,493	\$2,450	\$2,477	\$2,333
Excess Reserves, all member banks (Wednesday series).....	\$1,630	\$1,440	\$1,449	\$2,548	\$1,345
Total Loans and Investments, reporting member banks.....	\$22,293	\$22,356	\$22,698	\$21,796	\$19,189
Commercial Loans, reporting member banks‡.....	\$4,932	\$4,890	\$4,816	\$3,926	§
Security Loans, reporting member banks.....	\$3,309	\$3,327	\$3,368	\$3,304	\$3,621
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks.....	\$9,640	\$9,709	\$10,041	\$10,072	§
Other Securities Held, reporting member banks.....	\$3,259	\$3,274	\$3,320	\$3,354	§

*Factor in Business Week Index. *Preliminary. †Revised. ‡New Series, Excluding Real Estate Loans. §Not Available.

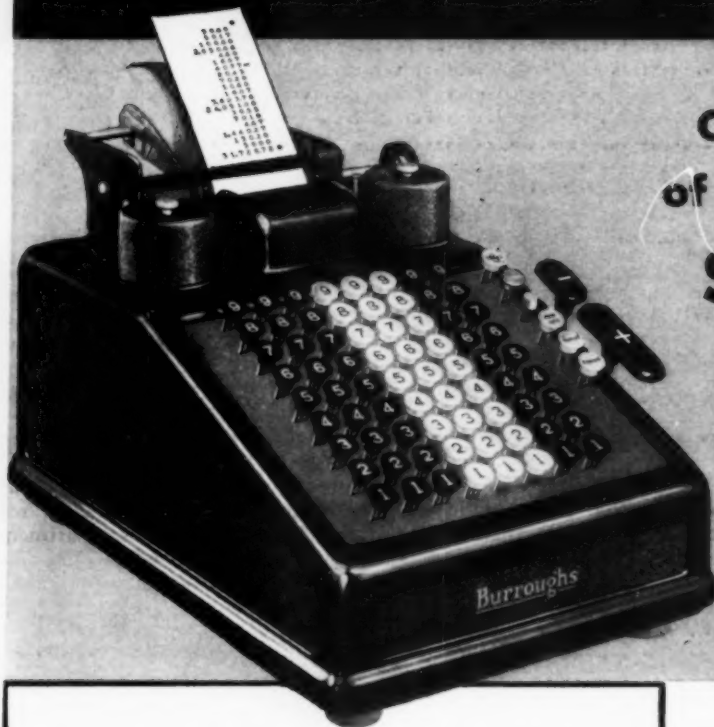
These monthly averages are merely simple averages of each month's weekly figures of *Business Week's* index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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Burroughs

SHORT-CUT KEYBOARD



**Only on a keyboard
of this type can you do**

SHORT-CUT FIGURING

SPEED—with fewer motions

The short-cut way is simple and practical. It saves operations in handling both small and large amounts. With fewer motions, the work goes faster. With less to do, there is less chance for error.

Let the Burroughs representative show you in your own office and on your own work what these savings can actually mean to you. Telephone the local Burroughs office or write for free, illustrated booklet entitled "Short-Cuts that Save Valuable Time."

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ADDING, ACCOUNTING, BILLING AND CALCULATING MACHINES
CASH REGISTERS • TYPEWRITERS • POSTURE CHAIRS • SUPPLIES

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1	0.4	5
2	56.0	0
6,7	12.7	0

1 0.0 0 On the Short-Cut Keyboard there is no cipher key. Ciphers always print automatically. The amount 10.00 was written by depressing the "1" and the motor bar—both in *one operation!*

5.3 6 On the Short-Cut Keyboard two or more keys can be depressed at one time. Thus, 5.36 was written by depressing the "5", the "3", the "6", and the motor bar—all in one operation!

1 0.4 5 Four digit amounts are easily written the short-cut way. The "1", the "4", the "5", and the motor bar are depressed—all in one operation!

2 5 6,0 0 The Short-Cut Keyboard saves operations in writing larger amounts too. The "2", the "5", the "6", and the motor bar are depressed—all in one operation!

6, 7 1 2.7 0 Many operations can be saved in listing large amounts on the Short-Cut Keyboard. In this instance, the "6", the "7", and the "1" were depressed in the first operation; the "2", the "7", and the motor bar in the second operation. Thus, this large amount requires *only two operations!*

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The Business Outlook

OUTSIDE the budget message with its gratifying recognition of the need for economy and its hint of possibly higher taxes ahead to achieve balance, business this week was most interested in the price picture, particularly in the durable goods recently under fire—copper and steel. Copper prices were marked down to 14½¢ this week, which compares with the 17¢ prevailing a few weeks back. Carnegie-Illinois, eager to curb any speculative enthusiasm on the part of consumers, has announced there will be no change in most steel prices for the third quarter. Steel scrap prices have softened for three consecutive weeks.

Cotton Goods Quiet

Cotton gray goods markets, dull for several weeks and subject to some price shaving, especially by second hands, continued quiet despite the firm faith of mills that a new buying movement must begin shortly. And the severe breaks of late in crude rubber prices will probably delay any contemplated increase in tires.

After an Abnormal Period

But despite the underlying strength in current activity, the moderate size of inventories, and the rising tide of employment and payrolls, the *Business Week* index has been sagging a little lower each week, seemingly belying the general impression of business health. The explanation of this strange behavior can be found in the abnormally high level recorded toward the close of 1936 and the beginning of 1937 rather than in the current level. Steel, construction, and coal production showed more than the customary movement in those weeks. Steel boomed because price advances were scheduled; coal because a strike was threatening. Construction jumped sharply over the December low instead of remaining at the same level. March, which normally marks the opening of the building season, could not even top the January volume. And when the one-day coal strike passed into history, production flopped in early April like a ton of bricks instead of curtailing in normal fashion in late January and February.

First-Quarter Earnings Up

Earnings statements for the first quarter of 1937 now coming to light indicate that most industries were able to better the record of the first months of 1936 by a wide margin, particularly those catering to the construction field. *Business Week's* tabulation of 50 companies shows a gain

BUS OBSOLESCENCE

In October, 1935, census enumerators found that 49.2% of all common carrier motor buses in operation in the United States were five years old or more, only 27.2% were really new—two years old or less. The situation varies with sections of the country as well as with the size of the bus, the larger capacity buses being newer. For those who want to know where pressure can profitably be exerted to yield the best results, this report by the Census Bureau is recommended.

of 40%. The second quarter of 1936 was markedly better than the first, which had been affected by the flood; and so the chances are that earnings of the second quarter of 1937 will have less of a margin over the same months of 1936 than was true of the quarter just closed.

Buying Electrical Goods

Electrical equipment companies enjoyed a particularly good first quarter. Both General Electric and Westinghouse Electric report orders received as establishing new all-time highs. The first bettered its orders of a year ago by 78%, the latter by 75%. This business reflects not only the lighter electrical products for household consumption, but also the beginning of an influx of orders from industrial and utility concerns. Factory mechanization has resulted in stepping up the demand for industrial trucks and tractors by 75% over the first quarter of 1936.

Peak in Steel Tonnage

Actual tonnage coming from steel mills nowadays is breaking all past records, 1929 not excepted. New orders this month have been less pressing than in the first quarter. In part this is due to the reluctance of mills to book much tonnage for third or fourth quarter delivery. But now that the price structure has been affirmed for the third quarter, and the

threat of higher prices removed, buying and bookings may take a more normal course. Some of the larger construction projects are being postponed or abandoned because of rising costs, but demand from railroads continues to swell. The Pennsylvania alone has announced a \$10,750,000 program to cover 2,800 freight cars and 11 electric passenger locomotives. April freight car purchases will probably exceed those of March.

Demand for Machine Tools

March machine tool orders snapped back into high ground after what appeared to be a lull in the first two months, but which was a lull only in contrast to the abnormally high volume of December. Foreign business accounted for 18% of the total against the 20% to 30% shares of the preceding eight months.

Boom in Home Building

Residential construction is becoming the backbone of the construction industry that it used to be before the depression. In the first quarter, the F. W. Dodge records show that home building accounted for 35% of all construction against 22% in the same months of 1936. Home building showed the substantial gain of 87% over the first quarter of 1936. Of the total value of homes contracted for in the first three months, apartment houses accounted for 28% against 19% in the same months of 1936.

Farm Wages Rise

Even the farmers are beginning to feel the pinch of the reduced supply of farm hands now that the planting season is getting into swing. On Apr. 1, supply of and demand for farm labor just about broke even for the first time in years. And farmers found they had to pay higher wages to attract help, the nine-point advance in the farm wage index from Jan. 1 to Apr. 1 being the largest recorded in a first quarter since 1923.

More Newspaper Advertising

Newspaper publishers gathered in New York this week to celebrate their jubilee convention. The recent boost in newsprint prices announced for 1938 by most mills found little favor, some hoping a lower price might prevail. First quarter newspaper advertising ran 10% ahead of the same months of 1936. Both periods were affected by floods, but those of 1936 seem to have made the biggest dent in newspaper advertising. Though Louisville papers were badly hampered by floods in the Ohio Valley in the first quarter of 1937, they report that profits this year will beat those of last, anyway.

100% Return on a \$25,000 Investment

THE management of a General Electric affiliated company plant, dissatisfied with its cost of tubing, asked G-E application engineers for suggestions as to how this expense could be lowered.

The result of the combined efforts of the engineers and the plant management was the introduction of a process of which a General Electric atomic-hydrogen-welding equipment was an essential element. Not only has this process reduced the cost of tubing, but cleaner, smoother tubes, free from oxidation, are obtained, and scrap is reduced.

Together with the advantages of higher quality, a \$25,000 saving was made in the first year, thus liquidating the entire investment.

This is just another instance that proves that it pays to seek constantly the BEST WAY—the way that the most recent advances make available. Those who fail to take advantage of the latest developments are constantly paying for 1937 equipment without reaping its benefits. Moreover, unless we are especially alert to the progress which is being made, we are not conscious of the money-making opportunities passing by us.

We suggest that you start a NEW search today in your plant—a search for opportunities to substitute *profitably* the latest 1937 equipment for apparatus that has well served you in the past, but which no longer gives the results essential to maintaining your leadership and earnings.

G-E sales-application engineers will be glad to work with you or with your consulting engineers in finding a profitable electrical solution of your problems.

You may find it worth while to spend three minutes in reading "A Few Case Histories." This booklet tells how five manufacturers are obtaining an 82 per cent return *each* year on their investments in electric equipment. A request to General Electric, Dept. 6A-201, Schenectady, New York, will bring you a copy.

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BUSINESS WEEK

APRIL 24, 1937

Balanced Budget: Yes? No?

Roosevelt doesn't promise again, but just hopes. He hopes to save \$418,000,000 and break even in coming fiscal year. Can he restrain the spenders?

By confining expenditures in the coming fiscal year to the \$6,900,000,000 of newly estimated receipts—the highest receipts ever realized by an American Administration—President Roosevelt will emerge with a balanced budget on June 30, 1938, a consummation he has thrice promised and thrice failed to produce.

That is the President's hope, as enunciated in this week's special relief and budget message to Congress. But to gain that objective two highly difficult

restraints must be imposed: (1) Congress must hold its relief appropriations to within \$1,500,000,000; (2) the President must find ways and means of cutting expenses of the government by \$418,000,000—otherwise the 1938 deficit will amount to \$418,000,000 or any part thereof which is not saved.

The difficulty of curtailing expenses is unusually great, because the government's spending efficiency has increased year by year. At first, when President Roosevelt embarked on his recovery pump-priming expeditions, the big job was to organize the relief bureaus to spend money with dispatch. That dif-

ficulty has now been overcome. Mr. Hopkins and others have learned to spend with an unexpected vehemence, and now it is up to the President to control their abilities—abilities enhanced by four years of lively experience.

Four years ago, it was almost inconceivable that the federal government could spend \$7,000,000,000 in a year. Today, the Administration is having a time of it keeping its purse down to that amount. The progress in "spendability" is indicated by the actual figures:

Fiscal year	Expenditures*
1933.....	\$4,741,000,000
1934.....	4,681,400,000
1935.....	6,280,800,000
1936.....	6,726,900,000
1937.....	7,222,000,000 (est.)
1938.....	7,324,000,000 (est.)

* Excluding debt retirements in all years and the soldiers' bonus in 1936 and 1937.

To attain a balanced budget (a lay-

THE BRITISH VIEW—"For several years to come we must be dominated by a vast expenditure for national defense."—Statement of Neville Chamberlain (left), Chancellor of the British Exchequer, in his budget message to the House of Commons this week.

THE AMERICAN VIEW—"The principal danger to modern civilization lies in those nations which, largely because of an armament race, are headed directly toward bankruptcy."—President Roosevelt (below) in the budget message which he sent this week to Congress.

Harris & Ewing



Log of the Federal Budget

Based on Roosevelt's Messages to Congress

Mar. 10, 1933—Roosevelt's Economy Message to Congress:

"For three long years the federal government has been on the road toward bankruptcy. For the fiscal year 1931 the deficit was \$462,000,000. For the fiscal year 1932 it was \$2,472,000,000. For the fiscal year 1933 it will probably exceed \$1,200,000,000. For the fiscal year 1934 . . . the deficit will probably exceed \$1,000,000,000 unless immediate action is taken. . . . Our government's house is not in order. . . . Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger."

Legislative Result: Congress passed the 1933 Economy Act.

Fiscal Result: A \$2,735,000,000 net deficit in 1932, followed by a \$2,600,000,000 deficit in 1933.

Jan. 3, 1934—Budget Message:

"The excess of expenditures over receipts during this fiscal year [1934] amounts to over seven billion dollars. My estimates for the coming fiscal year [1935] show an excess of expenditures over receipts of two billion dollars. We should plan to have a definitely balanced budget for the third year of recovery [1936] and from that time on seek a continuing reduction of national debt."

Fiscal Results: 1934 net deficit, \$3,600,000,000; 1935, a net deficit of \$3,000,000,000; and 1936, including \$1,673,000,000 for the Soldiers' Bonus, \$4,360,000,000.

Jan. 3, 1935—Budget Message:

"In the budget message of last year I said, speaking of the fiscal year 1936, that we should plan to have a definitely balanced budget for the third year of recovery. . . . Despite the substantial measure of recovery . . . unemployment is still large. If the budget [for the 1936 fiscal year] receives the approval of Congress, the country will henceforth have the assurance that, with the single exception of this item [unemployment], every current expenditure . . . will be fully covered by our estimates of current receipts."

Fiscal Result (repeated): 1936, net deficit—\$4,360,000,000.

Jan. 3, 1936—Budget Message:

"It is . . . a cause for congratulation . . . to realize that a consistent broad national policy, adopted nearly three years ago by the Congress and the President, has thus far moved steadily, effectively and successfully toward its objective. . . . We can look forward today to a continued reduction of deficits, to increased tax receipts, and to declining expenditures for the needy unemployed. . . . Our policy is succeeding. The figures prove it. . . . It is the deficit of today which is making possible the surplus of tomorrow."

Fiscal Result: Yet to be established. But the deficit for the current fiscal year, ending June 30, 1937, is now estimated anew at \$2,500,000,000. And, for the 1938 fiscal year, what was expected to be standoff between receipts and expenditures has now been transformed into another net deficit—because receipts from the Revenue Act of 1936 are not likely to come up to Treasury expectations and because relief expenditures are not being materially pared. The consequence: the President's message this week to Congress. It might be termed an "apologia," for his promise of a balanced budget in his budget message of Jan. 5, 1937.

man's balance, excluding statutory debt retirement) in the next fiscal year, the President must pull the estimated expenditures down to \$6,906,000,000. If his message to Congress is to be taken at its face value, he will do so. These were his words:

"I propose to use every means at my command to eliminate this deficit during the coming fiscal year. I expect to accomplish this by taking definite action at the beginning of the next fiscal year (1) to withhold from apportionment for expenditure in so far as possible with due regard to proper functioning of the executive departments and agencies a substantial percentage of the funds available for that year and (2) to increase the receipts of the Treasury through the liquidation of assets of certain of the emergency agencies."

Really Drawing on Assets

Strictly speaking, the liquidation of assets of government agencies, such as the Reconstruction Finance Corp. (*BLW*—Jul25'36, p26) cannot be regarded as a true solution of the budgetary problem. In effect, the government would be drawing on its assets in order to pay for current outlays. It is the same as living on one's capital. Yet this may be said in extenuation: when the money went out, it was recorded in the government's bookkeeping, as an expenditure, and therefore when the assets come home to roost, they may properly be considered a receipt to offset spending.

Ultimately, liquidation will run its course, realizable assets will be few and far between, and then it will be up to the government to live within its actual income—that is, within its receipts from income taxes, customs duties, miscellaneous revenues. Capital will not last forever, and living on one's capital leads inevitably to the poorhouse.

Back of F.D.R.'s Insistence

The insistence of the President on a balanced budget—if it may be interpreted as insistence rather than lip persistence—may be assigned to three dominant desires:

1. To keep promises frequently made.
2. To avoid new taxes because of previous pledges that there would be "no new taxes."
3. To check the inflationary impact of deficit financing.

Chairman Marriner S. Eccles, of the Federal Reserve Board, sounded the Administration note of caution last month (*BLW*—Mar20'37, p14), when he declared that it was incumbent on the government to retire some of its debt in order to wash down the volume of bank deposits. The immediate cause of the Eccles pronunciamento was the sharp rise in steel and copper prices, the boost in steel and other wages, and the happy-go-lucky speculation in the securities markets.

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But the effect, as so frequently happens when a government official makes a statement (as Mr. Hoover learned when he told people what was "around the corner"), was the opposite of what was contemplated. Stocks held firm, prices ran up further, but government bonds slipped off with a vengeance. All of which did not alleviate the position of the Treasury, which was confronted with raising additional funds in a market which was coy-to-unreceptive.

Federal Reserve Buys Bonds

The Federal Reserve, thereupon, went into the government bond market, bought bonds, and restored a semblance of order. Later, commodity prices slumped off, copper particularly, and today there is less talk of inflation. Coincidentally with that technique of the Reserve—trying to talk down inflation in one breath and in the next pumping new funds into the banking system by buying government bonds, certainly self-contradictory activities—the tax receipts in March fell off. Treasury experts had miscalculated on income tax revenues from the new undistributed earnings levy—a miscalculation due in major part to the utter unpredictability at all times of income from an unprecedented tax.

The result for the 1937 fiscal year, ending this June 30, is: receipts will be \$607,000,000 lower than the January estimate; \$267,000,000 represents the income tax fall-off and \$337,000,000 the

decline in other revenues. To counterbalance that in part, President Roosevelt hopes to lop \$295,000,000 from outlays. That would produce a \$2,557,000,000 net deficit this fiscal year, as compared with the previous estimate of \$2,248,100,000.

But no additional taxes are contemplated now—unless Congress insists on breaking the Presidential traces. A special group will study recasting the entire tax system and will have a report ready next November, for action by the next Congress early in the 1938 session. That's the program. It remains to be seen.

In the Wake of the Wagner Ruling

As labor weighs its new rights, business seeks a guarantee that it will also assume new responsibilities, but postscripts to the Wagner Act are unlikely.

AMERICAN business was "going along" this week with the Wagner Act, with considerable unanimity of opinion and with evident good feeling. Having drawn cards in the game, it was asking that the same number of cards be dealt fairly and impartially to all concerned; in the various requests for broadening of the act lay the immediate differences of opinion.

Consensus of Washington observers, following the first good-will conference called by Sec. Perkins, was that there was little or no chance for legislation supplementary to the Wagner Act for the time being. Certainly none will be started prior to further conferences between labor and management, and Miss Perkins indicated that the first parley was only a beginning by suggesting two more, Apr. 29 and May 4.

In the meantime, employers have been studying the act itself to find their fullest powers. Shortly after the Supreme Court decision, John M. Franklin of International Mercantile Marine Co. went to the National Labor Relations Board as an employer and asked that the rivalry between shipping unions be straightened out. "Fed up" with inter-union uproar, the I.M.M. was taking the stand that it was ready for collective bargaining but unable to certify the majority. Management in various industries watched closely to see what the regional board could and would do.

Generally speaking, management, labor, and government are waiting for the act to complete a thorough "shake-down cruise" under the direction of the N.L.R.B. The board had numerous cases on the docket when the validation came down, expected full compliance without further court action. The volume of work scheduled for all of the 21 regional offices increased rapidly after the Supreme Court action, as scores of requests from local employee organizations for elections and substantiation of their claims for majority collective bargaining at once came up for study.

Many of these, however, had been working their way up to the boards during the period of stagnation before the decision, and the attitude of employers would determine the future trend. Early indications were that the regional offices would have less work to do, rather than more.

Both Sides Want Assurances

In the Perkins conference of this week, the employers' move for compulsory arbitration and incorporation of unions was pretty well matched by the unions' objections. The labor organizations have made it plain that they think trade associations and employer groups everywhere should be incorporated if unions are, and both sides begin to retreat from this debate when the brass tacks are hammered.

The first Perkins parley was for those experienced in collective bargain-



Underwood & Underwood

FEELING GOOD—Now that the Supreme Court has stamped its O. K. on the Wagner Act, these gentlemen have cause to smile happily. Seated is Attorney General Homer S. Cummings. Standing, left to right, are: Charles Wyzanski, special assistant to the attorney general; Stanley Reed, solicitor general; J. Warren Madden, chairman of the National Labor Relations Board; and Charles Fahy, general counsel of the board.

ing; succeeding ones were expected to bring in opinions from those parties which, although they speak for majority groups, have had little or no direct contact with the act heretofore. Conclusions were not possible of summing up this week, inasmuch as all of the conferees were there to "feel the situation out" and not to commit themselves to group decisions.

In the forefront of nationwide discussion brought about by the court action, the question of "little NRA's" has been a leader. On the heels of the Wagner Act decision, a new Guffey Coal Act became law, and similar measures for other industries are by no means improbable. When the court held that strikes interrupted interstate commerce, and that the government could supervise employer-employee relationships to prevent such stoppages, Washington began to assume that legislative power might well be extended to regulate industry if the threat to interstate commerce arose directly from:

(1) The dissatisfaction of employees with wages paid or hours worked—a prolific source of labor disputes.

(2) Operating and marketing conditions which oppress labor and spread the contagion of unrest.

More Authority Needed?

Conservative opinion clings to the belief that although labor has the right to bargain, federal regulation of hours and wages will have to be based on some other view of congressional authority than its control over interstate commerce. Chief Justice Hughes observed in the Jones & Laughlin case that the grant of authority to N.L.R.B. does not purport to extend to the relationship between *all* industrial employees and employers.

The Guffey Act employs price-fixing as imperative for the protection of in-

terstate commerce in coal, and conservation of a natural resource. And assuming that other acts may follow, consensus is that only experiment will determine whether an industry can be placed on a stable basis by price control without control of supply.

Going a step further, the Ellenbogen textile bill declares that overproduction, low wages, and long hours of employment adversely affect commerce. A national commission would be empowered to restrict production and to fix minimum wages on the basis of a 35-hour week. Now is the time, say the bill's sponsors, for industry to speak up if it has any changes to suggest.

Just how far the Administration, or the court, or the whole country wishes to go in "fixing up labor" industry by industry, is a matter of conjecture. But straws in the wind are seen in the remarks of labor leaders these days, who point out that the Ellenbogen bill was modeled more or less on the Guffey measure, that there are other industries available, and that the main drive is to stabilize the "topside" of business. A United Mine Workers official says: "Coal is a natural resource. So is oil. There is no reason why a similar law shouldn't apply to the oil industry, and I see no reason why the government shouldn't give it particular attention."

U. S. Chamber Meets

25th convention may show a conciliatory attitude to Roosevelt Administration.

THE United States Chamber of Commerce will survey the state of business and recommend remedies at its 25th annual convention which starts Apr. 26. Sessions, lasting four days, will be held at the Chamber's handsome

white home opposite the present Roosevelt residence in Washington.

No recriminations are expected to pass between these seats of power. Last year's meeting of the Chamber (BW—May 2'36, p15) dealt mildly with the Administration. The intervening year saw a Roosevelt landslide, and high command of the Chamber is too adroit to start anything now. Blessing of the Wagner Act by the Supreme Court is another argument for conciliation.

Copeland to Speak

Tone of the meeting will be set by Harper Sibley, president of the Chamber and old friend of F. D. R., at the general session Tuesday morning. Few government speechmakers are listed. Sen. Royal S. Copeland (*persona* not very *grata* at the White House) will talk on flood control, and Edward F. McGrady, the far-flung assistant secretary of labor, will discuss industrial relations.

Some other speakers at the general sessions will be Harry A. Wheeler, president of the Railway Business Association; P. W. Litchfield, president of Goodyear Tire & Rubber; Virgil Jordan, president of the National Industrial Conference Board; Juan T. Trippe, president of Pan American Airways; Sir Edward Beatty, chairman and president of the Canadian Pacific Railway. Clinics on various business problems will be held at the group gatherings.

A feature of the convention will be the 16th annual dinner of the American Section, International Chamber of Commerce (Monday evening). Thomas J. Watson, president of International Business Machines Co., will preside and Secretary of Agriculture Wallace will be the guest of honor. There are to be speeches by John Foster Dulles, attorney, and Eliot Wadsworth, Boston Chamber of Commerce president.



FROM SECURITIES TO SEA—After weeks of waiting while Congress was too busy with the Supreme Court to confirm his appointment, Joe Kennedy, outspoken former head of the Securities Exchange Commission, was finally sworn in as chair-

man of the new five-man Maritime Commission. Left to right: Thomas M. Woodward, Edward C. Moran, Jr., Chairman Kennedy, L. A. Wiley, and E. S. Land. E. W. Andersen, chief of personnel of the commission, administers the rites.



SCIONS OF C.I.O.—Hans McIntyre, steward of United Automobile Workers of Canada, may hand out union cards to General Motors workers but the orders, such as that to refuse pay increases without union recognition, come from John L. Lewis.

Canada Divided on Unions

Hepburn wins some support but breaks with large sections of his own party. Auto union sticks to American leadership. Nova Scotia aids C.I.O.

OTTAWA (Special Correspondence)—Overshadowing the Canadian labor debate this week, public opinion began to make itself felt in various ways, yet still was not congealed to a point of complete decision. The most vital question has been, and still is: "Did Premier Hepburn represent majority opinion in his adamant stand against the United States union organizers?"

The Canadian press, partially deserting regular policies of backing one political party or another, has been split to a certain extent by the troubles at the Oshawa plant of General Motors. And the average citizen has been torn between desires to "save the country" and to back up the workers in demands against U.S.-controlled capital.

Sitdowns Not Welcome

Generally speaking, the people of Canada have no great objection to the spread of unionism if it happens in an orderly and lawful way. A good many of them, disturbed by the wave of sit-downs south of the border, object to agents coming from the United States to tell Canadian labor what policies it should follow. But many think it is fair for unions to be run from the neighboring nation if the factory management gets its orders that way.

While strike negotiators still were trying to get Oshawa back to work this week, events leading up to the first

abortive settlement were open to review. All that Mr. Hepburn gained last week, it appeared, was a setup whereby he would not have to meet with Homer Martin and other outside C.I.O. directors. The Oshawa local union officials were instructed by Mr. Martin, and the close ties between the United Automobile Workers in Canada and the C.I.O. in the United States still held.

Total effect of this arrangement, which was hailed by pro-Hepburn sources as a "smashing victory," was that native spokesmen acted as agents in conferring with the Oshawa G.M. officials and with the premier. Holowness of the "victory" was emphasized when the local union men took time out to telephone Mr. Martin for guidance even on preliminary decisions. And when this happened the parley blew up.

Evidently, the Canadian branch of U.A.W. had no intention of permitting a severance of its C.I.O. connections. And after the deadlock of the week-end, the majority refusal of Oshawa workers to accept wage rises without union recognition was additional proof.

Prior to the first "agreement" Mr. Hepburn was faced by dissension in his cabinet; he met this by dismissing two of his ministers. He broke with the federal government (of the same political party—Liberal—as his own)

because it wouldn't line up fully behind him. Ottawa, which at his request had sent 100 Royal Canadian Mounted Police to Toronto to stand by in case of trouble, refused to send more, and the premier thereupon asked for withdrawal of the Mounties. Ontario, he said, could look after its own safety, and he enlarged the provincial police force to meet any emergencies.

Nova Scotia's New Law

Meantime, in Nova Scotia, where C.I.O. is organizing coal miners, the provincial legislature has passed Canada's most modern labor law. It gives labor unions legal status, and compels employers to bargain with unions as representatives of all their workers. Sponsored by Opposition Leader Harrington, the bill was adopted by the Liberal government and was declared by Premier Macdonald to be no more advanced than United States labor laws.

Under the new law, the government will exercise close supervision of labor-employer relations. Penalties are provided for employers who intimidate employees, seek to prevent them from joining unions, and refuse collective bargaining. The right of check-off of union dues in industries where wage deductions are made for other purposes is recognized. Both employers and unions are required to make annual returns to the government, showing wage deductions, and unions must submit copies of constitutions, by-laws, and local rules.

Montreal this week was the scene of two struggles between international and national labor organizations. The Shipping Federation refused to recognize the International Longshoremen, having a contract with a Canadian union. The garment manufacturers of Montreal, with 5,000 workers on strike, have been split over recognition of the International Ladies Garment Workers, with about half the employers in favor of recognition.

An angle worthy of note in this situation is the intervention of the Catholic Church in support of national and local unions as against international groups, on the ground that the latter are communistic. This is substantially the stand of Mr. Hepburn in Ontario, but consensus is that the dressmakers will recognize the International.

Tougher Walsh Act

Stricter labor provisions set forth in amendments to government contract law.

WASHINGTON (Business Week Bureau) — No sooner had American industry, with a side glance at John L. Lewis, become reconciled to the wage and hour restrictions imposed on gov-

ernment contracts by the Walsh-Healey Act than its sponsors moved to make the law tighter and tougher.

Would Cover Small Contracts

Companion bills have been introduced into the House and the Senate, extending the scope of the act to cover all contracts of \$2,500 and over (the old minimum was \$10,000); including contracts for services as well as "supplies, articles, materials and equipment"; requiring dealers to supply only goods manufactured in accordance with the act; forbidding industrial home work; and blacklisting manufacturers violating the Wagner labor act. In addition, there are lesser provisions designed to give sanction to disputed rulings issued by Sec. Perkins in administering the law.

Most contentious of these is a rewritten formula for calculating "minimum fair wages" that must be paid by a successful contractor. The old definition was ambiguous in that it did not clearly show what weight was to be given to geographic differentials. To remedy this Sen. Walsh proposes to define "minimum fair wage" as meaning "the minimum wage in an industry which has been determined by the secretary of labor after notice and hearing to be the prevailing rate of wages paid to the majority of persons em-

ployed in the industry at the minimum classification: provided, however, that where no single rate is paid to a majority, the average rate shall be taken as the prevailing rate. . . ." Sen. Walsh says this will prevent wage standards from high-cost areas from becoming the standard for the country as a whole. Southern congressmen reply that it will also prevent standards for low-cost areas from being approved unless an industry should be located exclusively in such areas. The result will be a gradual elimination of the geographical differentials as the averages for each industry are periodically recalculated.

One concession only in the new bill would bring relief to employers: a provision that overtime wages need not be paid for more than eight hours of work in a single day, provided that the employee's total time for the week does not exceed 40 hours.

The bill will be pushed by organized labor and by Sec. Perkins. It will be opposed, more or less covertly, by the federal purchasing departments and the Southern congressmen. Its final fate will probably depend upon the value the Administration may attach to it as a second-string substitute for NRA.

Lever Bros., Kellogg, Schick Lose

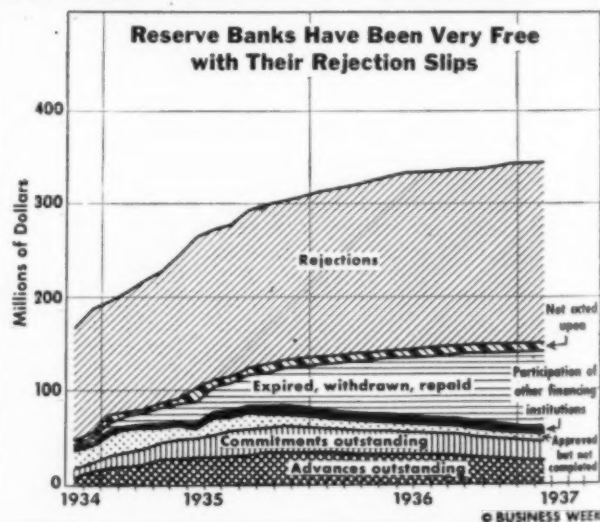
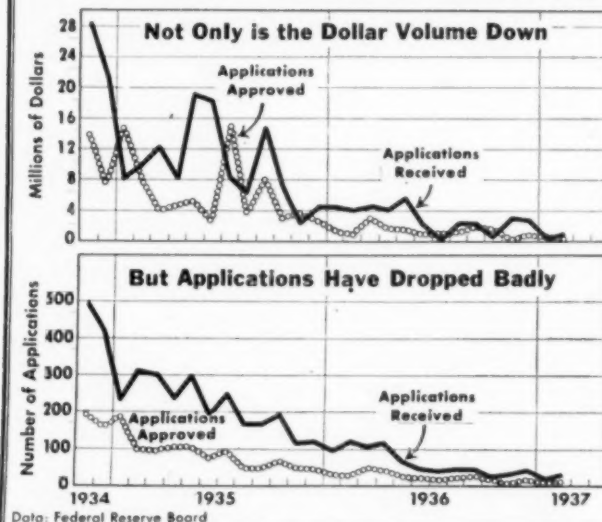
Colgate-Palmolive-Peet and Procter & Gamble win patent accounting suit. So does National Biscuit. Decision against Lektro Shaver reversed.

WHEN two big advertisers tangle in court over the question of who stepped on whose toes, the normally jaded appetites of advertising men are titillated. Recently court decisions in three epochal cases have provided more than the normal amount of such titillation.

Most exciting of the decisions—most only because of the magnitude of the

damages involved but also because of the dramatic testimony, affording complete case studies of how three big advertisers built up sales for their products—was that handed down last week by the United States Circuit Court of Appeals in Chicago holding that Lever Bros.' Rinso infringed patents for granular washing soap held by Colgate-

An Epoch in New Deal Aid to Industry Stammers to an End as Federal Reserve Bank Working Capital Loans Do a Fadeout

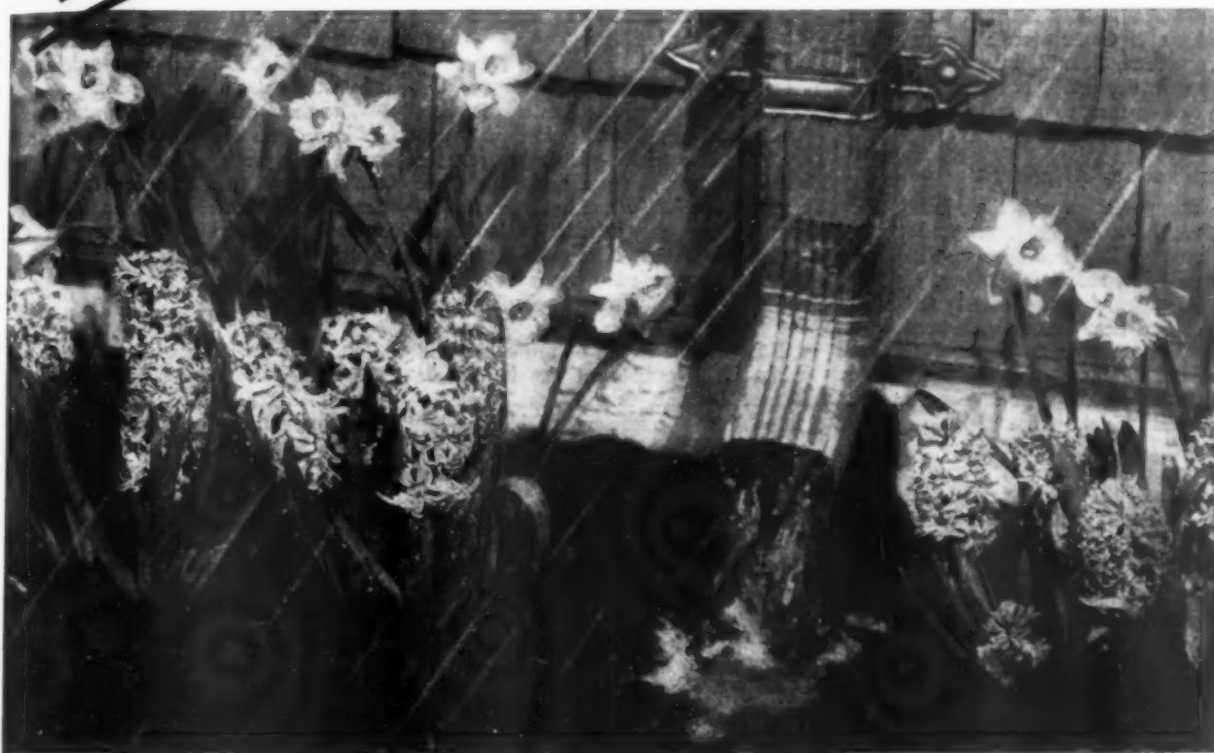


GOING TO THE BANKS, INSTEAD—Business no longer is rushing to the Federal Reserve Banks for working capital money. Regular channels for funds have opened up, and the central bank is being retired from the commercial banking business. The peak in its industrial lending was reached in the fall of 1935, when it had outstanding \$32,700,000 in actual loans and commitments for another \$28,000,000. At last reports, loans had dropped to \$24,000,000 and commitments to \$19,500,000. Repayments and withdrawals of loan applications now more than offset new loans. Though the Federal was supposed to advance funds to businesses that could not obtain accommodation from

the usual banking sources, rejections came to more than 50% of applications—both numerically and in dollar volume. Which indicates that the Reserve Banks did not make loans right and left when commercial institutions ducked. The fall-off in Federal Reserve industrial lending does not imply that corporations have all the working capital they need. The contrary is true (*BW*—April 3, p. 53). But commercial banks are advancing funds and the investment markets have opened up. The improvement in business, moreover, has propped the credit status of enterprises that a year or two ago might have been unable to get funds through regular banking channels.

"Unforeseen events . . .

need not so often change and shape the course of man's affairs"



April showers bring May flowers . . . and leaky roofs!

DURING THE WINTER frozen down-spouts cracked, snow and ice bulged shingles, opened flashings, weakened surface coatings. Now the first Spring rain comes drumming down. Trickles become torrents. Soon . . . drip, drip, drip through the ceiling comes your first warning of trouble.

To protect you against such Unforeseen Events, The Maryland offers a comprehensive policy covering water damage to homes, stores and factories. Not only does it

relieve you of financial loss when damage occurs, it also provides inspection service to help *prevent* such damage.

Roofs, tanks, windows...plumbing, heating, and sprinkler systems are checked by trained engineers, and necessary repairs recommended.

Ten thousand Maryland agents, throughout the United States and in Canada, can tell you how to protect *your* property from these Unforeseen hazards of water.

THE MARYLAND

MARYLAND CASUALTY COMPANY • BALTIMORE

The Maryland writes more than 20 bonding lines, including . . . Fidelity . . . Bankers' Blanket . . . Contract . . . Check Alteration and Forgery . . . Depository . . . Fraud . . . Public Official Bonds . . . Judicial. More than 40 types of Casualty Insurance, including . . . Aircraft . . . Engine . . . Automobile . . . Burglary . . . Boiler . . . Elevator . . . Accident and Health . . . Fly-Wheel . . . General Liability . . . Plate Glass . . . Electrical Machinery . . . Sprinkler Leakage . . . Water Damage . . . Workmen's Compensation.

Palmolive-Peet Co. and Procter & Gamble. The fight revolved around the historic patent—No. 1,652,900—which was granted to Dallas R. Lamont in December, 1927, for a method of producing globular soluble soap particles with a greatly reduced dust and soda ash content by means of a spraying process. Colgate acquired the patent, and when it later brought suit against Procter & Gamble on a charge of infringement, P. & G. bought a half interest in the patent covering the manufacture of such powders as Chipso, Oxydol, and Ivory Snow.

Laboratory Argument

The patent owners then jointly sued Lever Bros. in 1934, contending that although Rinso had been on the market since 1910, recent improvements in the product which led to vastly stimulated sales had been based fundamentally on the Lamont patent. Lever Bros. have maintained that both their methods of manufacture and their finished products differed widely from those of either plaintiff, that improvements in Rinso were the result of their own laboratory work, and that the increased sales could be accounted for by the expenditure of over \$6,000,000 in six years.

After listening for seven months to expert testimony from laboratory tech-

nicians and advertising men, the lower court found in favor of the defendants, and the Circuit Court's reversal last week came as a distinct surprise—albeit a pleasant one to the stockholders of Colgate and Procter & Gamble who stand to profit from the decision requiring Lever Bros. to make a full accounting of all profits on millions—probably hundreds of millions—of Rinso sales.

Wheat vs. Wheat

Oldest of the three cases decided last week was that initiated five years ago by the National Biscuit Co. to restrain the Kellogg Co. from using the trade name Shredded Wheat. Since the expiration of its original patents on Shredded Wheat, National Biscuit has naturally conceded the right of any company to manufacture a similar product, but it has contended that it had an exclusive right to use of the name, and when Kellogg brought out its Whole Wheat Biscuits, labeled as "shredded wheat," the company sued, charging violation of trademark rights.

The District Court and the Circuit Court of Appeals didn't see things originally the way National Biscuit did, but last week on a rehearing the Circuit Court held that Kellogg was guilty of unfair competition and "untruthful

statements to deceive the public" in placing upon its carton the famous Kellogg slogan: "The original has this signature."

"Defendant not only adopted the name and form of plaintiff's products," said the court, "but also claimed that its product was the original and by implication that the plaintiff's was an imitation." Kellogg was enjoined from using either the name or the shape of Shredded Wheat and was ordered to account for damages and profits.

The third decision was significant for its impact on a big business of tomorrow. The suit grew originally out of the personal feud between Col. Jacob Schick and Archie Moulton Andrews, former head of Hupp Motor Car Co. and now president of Dictograph Products Co.

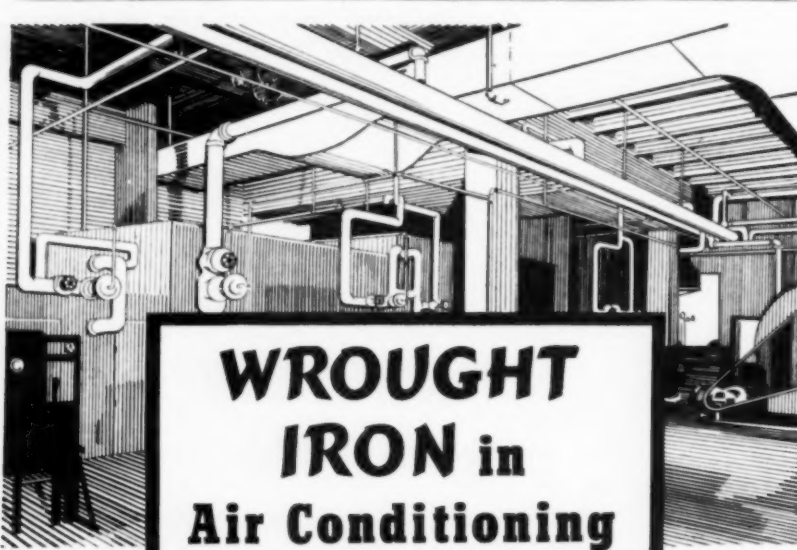
Fair Started a Boom

In 1931 the Schick Dry Shaver pioneered the way in the electric razor field. At \$25 each, 3,000 models were sold that year by the company in which Col. Schick owned 5,600 shares and Mr. Andrews 20 shares. When the Chicago World's Fair came along, Andrews sold the Schick along with his Lektrolite cigarette lighter, and sales at the new \$15 price ran up to 80,000. At the conclusion of the fair, Andrews claimed he had exclusive distribution rights in the Midwest; Col. Schick said he didn't and cancelled his license.

Thereupon, a business that looked as if it never would outgrow the restrictions of a luxury line blossomed under competition, for Andrews went into production on a model of his own—the Packard Lektro Shaver. Col. Schick promptly sued for patent infringement and last fall was awarded a verdict by a District Court in Brooklyn. Last week the Circuit Court of Appeals reversed that verdict and held that Andrews' patent, covering a round-headed razor with a rotary shearing mechanism as distinct from the Schick straight edge, back-and-forth clipper, did not infringe on the Schick patent, that both were merely improvements upon a prior art.

More Shaving Competition

It is this latter point—recognition of the existence of a prior art—which is expected to invite considerable competition. Already there are four other small electric razor manufacturers in the market, and it has been rumored for some time that Gillette Safety Razor Co., American Safety Razor Co., Remington-Rand, and other big outfits were ready to enter the field. Schick claims to turn out 10,000 a day, Packard Lektro 12,000, and both of them say they can't keep up with demand. With 2,000,000 men already shaving electrically, the market for safety razors, brushes, and cream threatens a considerable shrinkage.



**WROUGHT
IRON in
Air Conditioning**

● Vast quantities of water, steam, and corrosive brines are usually required for air conditioning. Ordinary ferrous metals fail prematurely, while Byers Wrought Iron has a long, economical service record under these conditions. If wrought iron pipe, sheets, plates, and heat exchanger tubes are not in your

present equipment, watch for premature failures, and replace with wrought iron. Ask your engineers to send for new Handbook on Wrought Iron just published. A. M. Byers Company, Est. 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston, Seattle, San Francisco.

BYERS

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements



Wide World

NO HARD DRINKERS, THESE—Left to right: Victor F. Ridder, former WPA administrator; William Piel, director of the United Brewers Industrial Foundation; and Rudolph J. Schaefer, also a director of the Foundation, fortify themselves for oratory at last week's meeting of beer interests.

To Battle for Beer

United Brewers Industrial Foundation is formed as a rallying point against the dries and to oppose association of beer with liquor and wine.

THE United Brewers Industrial Foundation was launched with appropriate ceremonies in New York's Waldorf-Astoria Hotel last week. Beer (both light and dark) flowed freely but there was no hard liquor on the menu. Luncheoners who fortified themselves against the oratory by ordering cocktails had to pay for them. This was a significant feature of the occasion.

Brewery interests are determined to separate beer from association with liquor (and even wine) in the national thought. They hope thereby to disentangle beer from spirits in future legislation. Recent ructions in the liquor field have intensified the brewers' desire for detachment (*BW*—Mar 27 '37, p19). Federal Alcohol Administrator Alexander is bombarding the liquor industry, charging it with a spree in wild advertising claims, disguised commercial bribes and discounts. Transgressions have provoked dry activities and helped them win local elections.

The brewery industry has long been calling for a united front (*BW*—Apr 4 '36, p14). There are three national organizations. Biggest and oldest is Col. "Jake" Ruppert's United States Brewers' Association (New York). There are also Brewing Industry, Inc. (Chicago), headed by big Midwest beer

makers, and the American Brewers' Association (Washington).

The new United Brewers Industrial Foundation is a child of U. S. Brewers, and Col. Ruppert is its chairman. He hopes the Foundation will provide the rallying point for all the industry. Its sponsors proclaim loudly that it will not compete with any other national or local organization but will seek support from individual brewers. Origin of the Foundation goes back to last summer.

Public Relations Job

At that time the U. S. Brewers hired Edward L. Bernays, famed public relations counsel, to make a survey of the industry. Mr. Bernays plumbed the public mind as to its attitude on beer and made his report. The Foundation is an outgrowth of his study, and Mr. Bernays is retained to guide the organization's public relations policy.

Lines on which the campaign is to be fought were indicated by speeches at the Waldorf luncheon. Beer repudiates not only any association with liquors but with wine because the latter sometimes runs high in alcoholic content. Instead of being whoo-pee fuel, beer is a "valuable food beverage." Beer gives jobs and is an important customer of farm crops. Beer produces taxes that

INDUSTRY is ON THE MOVE to EVERETT MILL PROPERTIES LAWRENCE, MASS.

21 companies have rented space during the past twelve months.

APRIL, 1936

Falk & White, Wholesale grocery distributors

MAY

Beach Soap Co., Warehouse
Colton Clothing Co., Clothing manufacturers
F. J. Leone, Storage

JUNE

P. B. Hofmann & Son, Silk textile mfgs.
Service Wood Heel Co., Wood heel mfgs.
Harry Young, Wool storage

SEPTEMBER

Labell Furniture Co., Storage

OCTOBER

Koffman Paper Products, Wholesale paper distributors

NOVEMBER

Merrimack Valley Distributing Co., Inc., Wholesale liquor distributors
Lawrence Tool Corp., Manufacturers of "Speedy" putty remover
General Household Appliances, Sales and storage

DECEMBER

Mark W. Wyman, Textile machinery

JANUARY, 1937

Warren Pulley Cover Co., Inc., Synthetic leather pulley covering

FEBRUARY

New England Chemical & Supply Co., Manufacturers of chemical supplies
Lawrence Ice Co., Warehouse
Benj. Giordano, Wholesale grocery dist.
Lawrence Burling & Sewing Co., Textile sewing and mending

MARCH

Star Electric Service Co., Inc., Distributors of auto supplies
W. H. Baker, Designers of textile machinery
Aldox Products Corp., Textiles

OUTSTANDING ADVANTAGES

SPACE—Most modern manufacturing and storage facilities in New England—5,000 to 75,000 sq. ft. on one floor!

LOW RENT—Far less than in metropolitan areas.

TRANSPORTATION—Exceptional rail and truck facilities assure fast, reliable delivery to all markets. Adequate side tracks. Lawrence ranks second in New England as a transportation center, being exceeded only by Boston.

ABUNDANT LABOR—All types of skilled and unskilled labor available. Lawrence has long been free of labor troubles.

POWER—Low cost electricity, process water and live steam.

SERVICE—A large, experienced crew offers exceptional maintenance and watchman services 24 hrs. a day.

SPACE IS STILL AVAILABLE!!

Industrial executives seeking modern accommodations and facilities are invited to visit Everett Mill Properties. Complete details including plans and photographs available.

WIRE . . . WRITE
PHONE

EVERETT MILL PROPERTIES
15 UNION ST.
LAWRENCE, MASS. PHONE 29463

NOW any business can afford a TIME CLOCK



• If you employ as few as 8 or 10 people, you can now enjoy the money-saving advantages of a modern in-and-out time recorder that fits perfectly the needs of both large and small organizations.

New one-hand operation!
Sells at 1/2 previous prices!
Smaller than other recorders!
Electric—Automatic

This new electric Stromberg Recorder sells for only \$110.00—and—one of its great and unique advantages is *one-hand operation!*

Space-saving—it is smaller than other recorders—yet it takes full-size time cards for any pay period. Plug it in to any A.C. light socket (or it may be used with a Western Union or master clock) and it will tell you—*accurately*—the comings and goings of your employees. *Ideal for your Social Security Records.*

Unusually sturdy and rugged—it is made in modern design, eliminating cumbersome weight and size without sacrifice in durability.

Don't spend money for repairs on an old-fashioned recorder when the cost of these repairs plus the trade-in allowance may pay entirely for this new and modern recorder. Write today for further information. No obligation.

STROMBERG ELECTRIC COMPANY
227 West Erie Street, Chicago, Illinois
*Stromberg Time Recorder Co. of Canada, Ltd.,
215 King St., W., Toronto*

OFFICES IN ALL PRINCIPAL CITIES

*Also manufacturers of
Electric Time Stamps, Job Time Recorders, Commer-
cial and Advertising Clocks and other Time Equipment*

MAIL THIS COUPON TODAY!

(Paste coupon on post card if you desire) *****

STROMBERG ELECTRIC COMPANY
227 West Erie Street, Chicago, Illinois

Please send me illustrated booklet containing complete information on the Stromberg Electric Time Recorder Model No. 15. No obligation on my part.

Firm Name _____
By _____
Street _____
City _____ State _____

are used for education and other exalted purposes.

To date the new foundation is a center for information and education. Campaign for membership is under way. A plan for cooperative advertising is in the works. Extent of the advertising will be determined by the dollar response.

It remains to be seen whether the Foundation is to become the united front for which the industry yearns. Advices from Chicago indicate that Brewing Industry, Inc., lacks enthusiasm for unity under the Ruppert banner.

Moving spirit in Brewing Industry is August A. Busch, Jr., reigning head of the St. Louis beer aristocracy. It has been charged that friction over national tactics between Mr. Busch and Col. Ruppert caused the St. Louisian to organize separately certain big national distributors of beer.

Brewing Industry seems to believe that the Foundation is all a mistake. It will only "give the dregs a large, clear target to shoot at." Opponents of the Foundation say they are accomplishing quietly what the "Eastern brewers" seek to accomplish by ballyhoo. Thus Pabst and Anheuser-Busch (supporters of Brewing Industry) claim that they are careful as to the sort of places they sell to, withdrawing their brands from outlets that besmirch the beer business. Also they think the "Eastern brewers" over-generous in salaries paid to association executives.

Foods Try Price Plan

California distributors experiment with resale contracts under "fair trade" law.

FOOD manufacturers generally, and the grocery trade in California, are watching the current experiment by the distributors of major brands of mayonnaise in establishing price contracts with retailers under provisions of the State's fair trade law.

Unlike the drug and liquor manufacturers, food producers are hesitant about issuing resale price contracts. This is chiefly so because voluntary and corporate chains handle two or three times as great a percentage of the total volume in the grocery field as they do, for example, in drugs. The attitude of the chains, responsible for as much as 75% of the sales of a given grocery product, is hence of vital significance, and since grocery chains have not been subject to as strong a cut-price pressure as drug chains, they are less friendly to price maintenance. Furthermore, should they be dissatisfied either with the price level or the profit margins established on any nationally advertised food products, they are in a position to retaliate against them much more effectively than drug chains by means of private brands.

The "big three" in mayonnaise (Best Foods, Durkee, Kraft-Phenix) are proceeding with extreme caution in California. None of them, as manufac-



WINTER LOOSENS ITS GRIP—Favored by an early spring, ice breakers have been working to set free these ore carriers stuck in the straits between Lake Superior and Lake Erie. With lanes opened, ore will again move to industrial lake cities.

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turers, have drawn up price agreements. Simon Levi & Co., distributors of Best Foods mayonnaise in Los Angeles, is establishing price contracts on that product. Durkee is reported to be carrying on a similar experiment through its distributor organization, Durkee's Famous Foods, Inc. Kraft-Phenix hasn't taken action yet, but is expected to follow the lead of the other two producers eventually.

Fair trade forces in California, while encouraged by the evidence that some food producers are taking more interest in the possibilities of operating under the price law, see no indication that the field generally is doing so, although the retail dealers' associations are working hard to bring as many food products as possible into the price contract group. Right now, the list of fair trade food manufacturers in the state is very short. According to the *California Retail Grocer's Advocate*, it consists of Hormel's soups and canned meat items, Ovaltine, Canada Dry products, two or three specialty condiments, and a few dog foods. On the other hand, some 400 drug manufacturers and 90% of the national distillers are operating under terms of the price law.

The new Pall Mall "popular price" cigarette is distributed in the state at a contract retail price of 15 cents a pack, \$1.38 a carton, the first cigarette to be thus sold in California.

Air-Conditioning Gain

Number of new contracts in Chicago is almost twice that of first quarter last year.

AIR-CONDITIONING, acting through the Commonwealth Edison Co., made more news in Chicago last week. The company reported that contracts for air-conditioning systems leaped from 59 in the first quarter of 1936 to 110 in the first quarter of this year. Total capacity of the systems arranged for set a new high record, aggregating 5,786 hp., compared with 3,246 in the first quarter of last year.

Restaurants, which formerly lagged behind theaters in arranging for air-conditioning in Chicago, passed the picture palaces in the first quarter, their total mounting to 18 against 16 theaters. Other classifications included 15 general offices, 14 shoe stores, five industrial plants, four clothing stores, three fur stores, and two printing plants.

The quarter also saw the first contracts made for air-conditioning of university buildings in Chicago. The structures which are to be air-conditioned are the new Administration Building of the University of Chicago and the downtown building of DePaul University.



NICKOLAI DOUBLE-CHECKS THE TEMPERATURE OF MOLTEN METAL FOR A JENKINS VALVE

Nickolai's Temperature Tests

INSURE BUILDING OWNERS AGAINST LOSS

CONSIDER for a moment the importance to you of the hundreds, or perhaps thousands, of valves in your building or plant. They are a vital part of every pipe line. They must be ready at an instant's notice to start, stop, or regulate the flow of water, steam, gas or other fluid. The failure of a single valve may easily cause a costly interruption of a production process or an important service.

Every hour of the day unseen forces are at work testing the strength of a valve. The stresses and strains of contraction and expansion, the wrenching caused by even a slight settling of a building must be resisted or trouble is sure to follow.

In a Jenkins Valve safeguarding against valve failure starts with the metal. Only virgin metal of the finest quality is used. It is melted in scientifically controlled electric

furnaces. Every crucible of molten metal is double-checked by two pyrometers to make absolutely certain that its temperature is exactly right for pouring. Result—valve castings as sound and strong as human care and skill can make them. For seventy years valve buyers have found that Jenkins Valves—built for lifetime service—really are an economy.

Our illustrated book, "What's In a Name", tells more about the "Jenkins" way of valve making. We would be glad to send it, as well as data on Bronze, Iron or Steel Valves for your service. Prompt delivery of Jenkins Valves is offered by good supply houses everywhere.

JENKINS BROS., 80 White St., New York; 510 Main Street, Bridgeport, Conn.; 524 Atlantic Avenue, Boston, Mass.; 111 No. Seventh St., Philadelphia, Pa.; 822 Washington Blvd., Chicago, Ill.; Montreal, Canada; London

Jenkins Valves

MADE FOR LIFETIME SERVICE



CLEAR THE AIR

WITH MODERN DUST CONTROL

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DUST CONTROL

Transamerica Plans Big Changes

Giannini top holding company may become investment concern, its shareholders getting 60% of stock in three branch-banking systems.

DIRECTORS of Transamerica Corp. will meet within the next few days to consider changes which would convert the organization from top holding company in the huge Giannini banking system into an investment company interested principally in bank stocks. Transamerica would pass along to its stockholders a majority of the shares it holds in all Federal Reserve member banks; as a result it would no longer be subject to federal banking statutes.

Decision Due May 1

Although confirming the fact that such a general program is under consideration, John M. Grant, president of Transamerica, declares that it has not yet gotten out of the conversational stage. Mr. Grant for some weeks has been in New York, A. P. Giannini is in Florida, and L. M. Giannini in Los Angeles. No decisions will be reached until officials now nursing the plan put all details up to A. P. Giannini on his return to San Francisco about May 1.

Meanwhile, enough of the program has become apparent to permit fairly comprehensive interpretation. Transamerica's largest holdings are in three national banks which operate intrastate branch banking systems. The company proposes to divest itself of control by passing on approximately 60% of the stock of each to its own shareholders.

These three banks are Bank of America National Trust and Savings Association, with more than 450 branches in California and nearly \$1,300,000,000 of deposits; First National Bank of Portland around which a \$100,000,000 branch banking system has been built in Oregon; First National Bank of Reno, hub of the \$25,000,000 Nevada group.

What It Will Hold

By disposing of its controlling interest in the national banks, Transamerica would be able to retain its holding in Bancamerica-Blair Corp., an investment banking firm. Earlier the plan had been to pay out the Bancamerica-Blair shares to stockholders as dividends (*BW*—Jan 9 '37, p. 52), inasmuch as the Banking Act of 1935 doesn't permit affiliation of national banks and investment companies. Going on that idea, Transamerica paid out some 463,000 shares of Bancamerica-Blair early this year, has a few more than 200,000 shares left.

In addition to retaining this stake in Bancamerica-Blair, Transamerica intends to keep its virtual 100% interest in the



UP TO HIM—Biggest of the Giannini's is "A. P." Whether giant Transamerica will change its status from holding company to investment company is for him to say.

\$30,000,000 Bank of America of California and in other state banks. If the plan is carried out, the intention also is to consolidate principal subsidiaries such as Inter-Continental Corp., Inter-America Corp., and Transamerica General Corp.

Directors of the Bank of America N.T.&S.A. last week paved the way for distribution of Transamerica holdings by announcing that they favored a 2-for-1 or 2½-for-1 split of the bank's shares. The idea is to improve marketability of the shares, which probably will be listed on one or more of the leading West Coast exchanges. If the 2½-for-1 split is carried out, the bank will have 5,000,000 shares of \$10 par value instead of the present 2,000,000 of \$25 par. Distribution of 60% of the enlarged capitalization would involve dividing up about 3,000,000 Bank of America shares among the more than 200,000 holders of Transamerica's 23,181,568 shares.

Will Look Much the Same

From the standpoint of operations, the proposed changes in the Transamerica setup won't materially alter things so far as the general public will be able to observe. Transamerica heretofore has bought banks for Bank of America and turned them over without fee or other remuneration; it is a safe

guess that, as an investment company, Transamerica will charge for such services. Plans for expanding the Pacific Coast branch banking system have not been modified—in fact, the group was stepping into some new situations in Arizona this week.

There will, nevertheless, be some fairly important changes in the investment portfolio. Transamerica now carries Bank of America N.T.&S.A. at about \$103,000,000. The busy statisticians figure that, at 20 times earnings, the bank's stock is worth about \$360,000,000. If, after the distribution, it sells at some such price, it is presumed that Transamerica will mark up its remaining 40% stake to something like the market—say \$150,000,000. Similar changes would be made for other distributions of national bank shares.

There has been no indication that Transamerica and subsidiaries plan to disturb their present holding of about 10% of the stock of the National City Bank of New York. This investment amounts to about 625,000 shares.

Artichoke Factory

First of its kind, at Gering, Neb., will cost \$750,000 and will process many products.

THE first artichoke factory of commercial size in the world is to be built at Gering, Neb., this season, by the Oscar R. Krenz Copper and Brass Works, Inc., of San Francisco, for the United Artichoke Co. of Nebraska, of which Fred G. Johnson of Hastings is president, and F. J. Riesland, also of Hastings, vice-president.

The factory is to cost \$750,000. Its capacity will be 500 tons of artichoke tubers every 24 hours, 300 days in the year, and it will process artichoke syrup, levulose syrup, sugar, insulin, flour, and byproducts. The byproducts will be used for breakfast foods and for live stock feed. Some power alcohol will be manufactured at this plant, but the principal output will be syrups, for which there is a ready market. A sub-factory is under construction at Ravenna at a cost of about \$60,000. Some processes will be carried on there, and the resulting product shipped to the Gering plant for conversion.

It will take 30,000 acres of artichokes to furnish the raw materials for this factory, according to Mr. Johnson, and many acres of the fertile North Platte valley have been signed up for artichoke production. The company, because it is necessary to maintain the sugar content and quality of the artichoke by careful grading and hand-sorting of seed, is furnishing the seed to farmers at 3¢ per pound—1½¢ below market price.



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Offer Unlisted Code

Investment Bankers Conference suggests fair practices, but leaves room for SEC rules.

YEARS have been spent in preparing the ground for regulation of the thousands of securities dealers who aren't exchange members. A long stride was taken under the code which died with the Blue Eagle. Now new regulations are coming, and it won't be long.

The first proposals are those put forward by the Investment Bankers Conference, Inc., organized last fall to facilitate this work (*BW*—*Sep 19 '36, p. 22*). There was some talk then that this organization was going to try complete self-regulation, leaving nothing for the government to do, but the spirit of cooperation with the government seems to have won out. The Investment Bankers Conference has arrived at a code of suggested fair practice regulation for its 1,700-odd members, but it has left several sections blank for the SEC to fill in.

The Investment Bankers Conference has held a number of meetings with the SEC. The commission's regional directors have conferred with local associations. Out of these meetings come this tentative code to regulate both investment bankers and over-the-

counter dealers, while the SEC will be ready with a tentative draft of its own for over-the-counter dealers within a couple of weeks.

The suggested code of the Investment Bankers Conference stipulates a long list of rules for fair dealing among firms in connection with their underwriting and sales contracts. Undue concessions to customers are ruled out; over-the-counter dealers are required to "buy or sell at a price which is fair," and several restrictions are suggested to insure validity of prices quoted.

Dealers generally praised the Investment Bankers Conference's work. However, they are convinced that the job is barely begun—the conference represents only about 1,700 members while there are more than 6,000 unlisted dealers registered with the SEC. The rank and file await with interest the forthcoming SEC rules, freely predicting that there will be a few irksome months while the rules are being put into effect, but that the results will be beneficial in the long run.

Meanwhile, over-the-counter dealers are convinced that the best results will be obtained if their market is viewed as a regional affair, if the rules are adapted to the various localities. New York and California, for example, believe that their associations have already



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LANTERN-SIZE LIGHTHOUSE—They've developed a portable lighthouse for airplanes. The top of the cover, unlocked and thrown back here to show the interior, supports a reflector for the neon unit, as well as a protective glass dome. It's an easy matter to replace the 13-cell one-and-a-half volt battery units when necessary.

done a pretty good job of cleaning up the unlisted business.

These two associations maintain financial and moral standards for membership; they have their rules and their grievance committees; they have worked out highly praised means of acquainting the public with unlisted quotations. There still isn't any rule-of-thumb on what constitutes a fair profit—sometimes it may be a fraction, they think, and other times a couple of points—but they feel that they have held customers' complaints to a pretty low figure. Where they haven't a rule of their own, they generally follow the practices of the big exchanges.


These associations regret that not all the eligible houses are members—the New York Security Dealers Association feels its job would be easier if about 100 more houses would come in. On the other hand, members of associations have been backward about joining the Investment Bankers Conference because they already have their local dues—\$240 a year in New York.

Private vs. Public Work

INDICATIVE of the nationwide demand for labor is the record of the U.S. Employment Service. During March it placed 193,622 persons in private employment, a peak for the division's operation in 33 months. March placements of all types, including private, public, government, and relief jobs, totaled 294,322. In the last four months, assignments to work in private industry have exceeded all others.

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A.F.L. Resists C.I.O. Raids

Craft unions defend contracts, and some employers would rather deal with them than with Lewis group. Both factions are helped by Wagner decision.

"THAT'S My Baby" was the song of labor last week when the Wagner Act decisions came down from the Supreme Court, and nowhere did it echo more triumphantly than in the much-publicized Committee for Industrial Organization camp. Most of the country saw in the decision a gain for the C.I.O.; what escaped notice in part was the substantial push given another group—the American Federation of Labor.

When the Wagner Act was signed, nearly two years ago, Sen. Wagner got one of the two pens used by the President. The other went to William Green of the A.F.L. There was no C.I.O. then; the unions were stirring around and dividing on craft-vs-industrial lines, but the first open split didn't come until November, 1935. William Green represented them all, as president.

Today Mr. Green still is head of the big labor federation, and some two and a half million workers follow him. On the rolls when the court decision came were more than a million others, who were out of sympathy with the A.F.L. and had been letting John L. Lewis speak for them.

Together, the two groups thus had 3,500,000 seasoned members. But the

C.I.O. has almost doubled in size since the turn of the year, and now claims more than 2,000,000. Add 2,225,000 members in independent and railroad organizations, and you find upwards of 7,000,000 unionized workers.

To all these, the court action was gratifying. To the C.I.O. and A.F.L., it was a signal for intensifying their already bitter rivalry. And both are adding members rapidly.

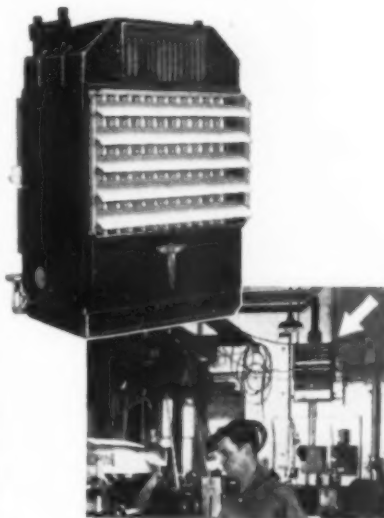
Youth Is Being Served

On a board national scale, the C.I.O. undoubtedly is the front runner at present. Not only has it gathered in substantial blocks of dues-payers in several great mass industries, but its success has brought hundreds of requests from small independent groups for affiliation. And to make it more interesting, several A.F.L. groups have gone over to the younger organization.

Plenty strong still, the federation now is fighting back with all the vigor it can command. Its directors are old and wise in labor matters, and many employers, given their choice, would rather deal with A.F.L. than C.I.O. In the common parlance, A.F.L. isn't so "grabby."

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"CLOSED" OIL FIELDS?—Determined to push forward on another important sector of the industrial front, the C.I.O. is undertaking a national drive to organize the million-plus workers in the oil industry. Under its direction a rally was held recently in Houston, Texas. Seated, in the center, and surrounded by chieftains in the organizing campaign is Harvey C. Fremming, oil union president.

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several places—A.F.L. craft unions are strongly entrenched in many plants and have contracts. Although the Labor Relations Board and its regional offices have been accused of being C.I.O.-minded, they are by no means willing to see contracts broken, and C.I.O. organizers in the main are "laying off" shops with contracts still in force. When the contracts run out, the fun will begin.

Cleveland, for Instance

Nearly every city is facing this kind of inter-union battle; Cleveland burst into the headlines two weeks ago with a case in point, the Electric Vacuum Cleaner strike. The plant reopened with the A.F.L. metal trades contracts still in force, and they run through April. The C.I.O. has been working to get members lined up for the test of strength.

Scores of employers, in Cleveland and elsewhere, are waiting, with as much patience as they can command, for the boys in the shop to make up their minds. In the long run it will be a matter for the employees to decide, and the decision is likely to be for C.I.O. here, for A.F.L. there, depending on how strong the craft setup is in the plant and in the adjacent territory. It doesn't depend on C.I.O. strength—that outfit in most places starts at scratch and swallows everything in sight. Only question is: How many strong local groups, belonging to A.F.L. or independent combinations, can refuse to be swallowed and prove their point?

When the A.F.L. locals decide to switch, as the Akron bus drivers did last week, the employer might as well accept the new alignment. The Akron transit boys were under federation command, even after they struck, but when the A.F.L. said "We have a contract and you can't do that" the local ripped its charter off the wall and was warmly embraced by the Akron C.I.O. leaders.

Bitterly denouncing the C.I.O. "raids," which have included the big aluminum workers group, Mr. Green this week announced a federation charter had gone to the "blue card" mine and smelter workers in the tri-state area of Kansas, Missouri, and Oklahoma. He also sent Frank Dillon down to Georgia to fight it out with Steve Nance and the C.I.O. in the state convention.

Union Defies Bridges

Teamsters oppose longshoremen's leader in his "march inland" from Coast ports.

ATTENTION of Pacific Coast business is centered on the outbreak of the long-awaited battle between the International

Longshoremen's Association, headed by Harry Bridges, and the International Brotherhood of Teamsters and Chauffeurs for control of the 15,000 warehousemen in the four principal Coast ports.

Danger Point

The struggle is important to all those who do business in the area because the warehousemen are the focal point of Bridges' "march inland," and control of the group is a vital part of the strike strategy of the maritime unions. The nationwide clash between the A.F.L. and the C.I.O. enters the picture too. The I.L.A., and all the waterfront unions on the Coast except the Sailors' Union, lean strongly toward the Lewis organization. One of them, the radio telegraphists, member of the Maritime Federation of the Pacific, already has gone over to the C.I.O. officially. The Teamsters' union, led in its Coastwide struggle by Dave Beck, of Seattle, is loyal to the A.F.L.

It's a fight confused by all kinds of local and national issues, but business regards it as the most significant labor event on the Pacific Coast since the recent shipping strike. It centers on a ruling by William Green and the A.F.L. executive committee giving the teamsters jurisdiction over all warehouses except those alongside the docks. The I.L.A. maintains that its warehouse affiliate controls all warehouses irrespective of their location, and refuses to abide by the A.F.L. dictum.

Trouble Starts in Oakland

The first skirmish took place in Oakland, Calif., last week and included all the usual phases of an inter-union battle, including revocation of charters, and court actions to tie up funds. In the line of fire are eight packing plants around which the I.L.A. has thrown picket lines and has insisted that the teamsters recognize them. Sometimes they do and sometimes they don't. Down at the docks, I.L.A. members are handling the "hot" products of the eight packing companies. Business and the general public, bewildered by the inconsistencies and complexities of the situation, agree with Dave Beck who characterized the fight as "one hell of a mess that hasn't any sense to it." Observers agree that the Oakland episode is only the first in a series likely to be felt in all Coast ports.

Employers watching from the sidelines understand the fundamentals of the situation only too well. They've seen the aggressive Bridges and his group in action on a large scale twice in the last three years (shipping strikes of 1934 and 1936) and they know exactly what to expect should the current effort to block the Bridges "inland march" fail.

Wholesalers Unite?

Eight associations confer on plan for a general group to defend their interests.

"Get out the middleman!" Always a popular panacea, this shibboleth of ham-and-egg economists is destined for wide currency whenever the high cost of living becomes an important item of parlor conversation. And to those who do most of the talking the term "middleman" means wholesaler.

Eyes on the Chains

Well aware of the trouble that may be in store for them as commodity prices continue to advance, wholesalers representing a variety of industries are banding together to defend their interests, teach the economic gospels of wholesaling and consolidate the gains in profit and prestige that have accrued to them as a result of the passage of the fair trade laws and the Robinson-Patman Act. Specifically, in the latter connection, they hope to cope more effectively with that perennial problem—how to clamp down on the manufacturer who sells direct to chain organizations and other big retail buyers at prices which discriminate against wholesalers and their customers.

Prime movers in the enterprise are the Motor and Equipment Wholesalers Association and the Wholesale Dry Goods Institute. Representatives of six other associations met with these two groups at the offices of the dry goods association last week to discuss informally just what an all-trade organization might accomplish. Formulation of specific plans and objectives has been left in the hands of B. W. Ruark, general manager of the Motor and Equipment Wholesalers Association, who was named chairman of the group, and Henry Matter, secretary of the Wholesale Dry Goods Institute.

Will Be Clearing House

The new all-trade group, if it is launched, will probably serve at first simply as a clearing house for trade statistics, legislative information, and other facts, figures, and ideas. Thus, it will take up some of the functions of the Wholesale Code Authority which administered the NRA code for 24 wholesaling divisions, including textiles, beauty and barber supplies, charcoal and packaged fuel, cycles, electrical supplies, hardware, jewelry, radio, school supplies, sheet metal, silverware, and wallpaper. If Wholesale Distributing Associations—as the new organization may be called—proves to have real point and purpose in life, it may later set up its own offices, hire a paid staff, and function along orthodox trade association lines, providing a regularized legislative and trade service for members.

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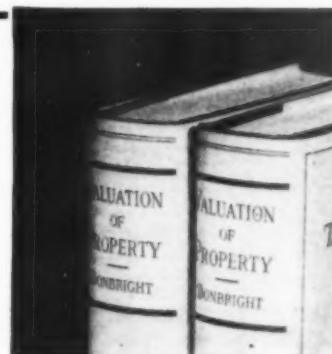
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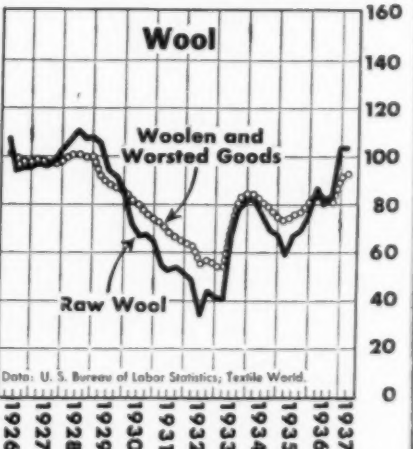
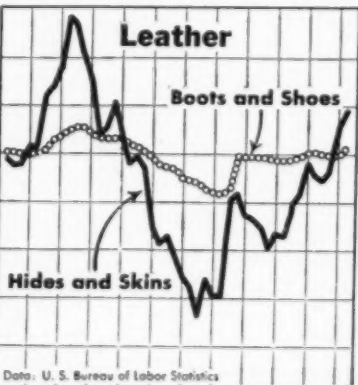
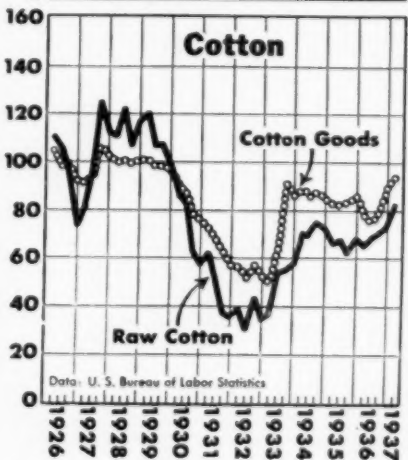
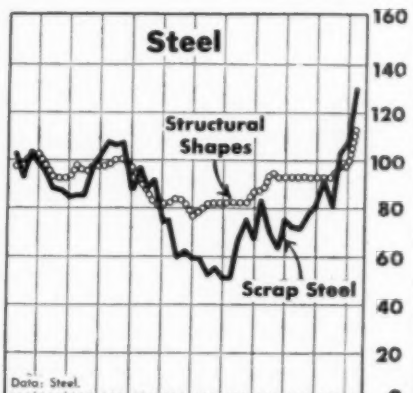
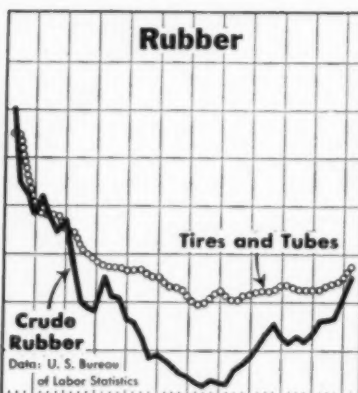
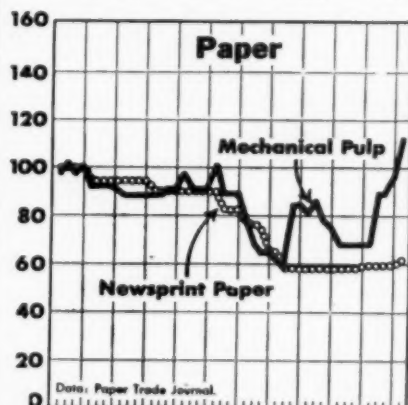
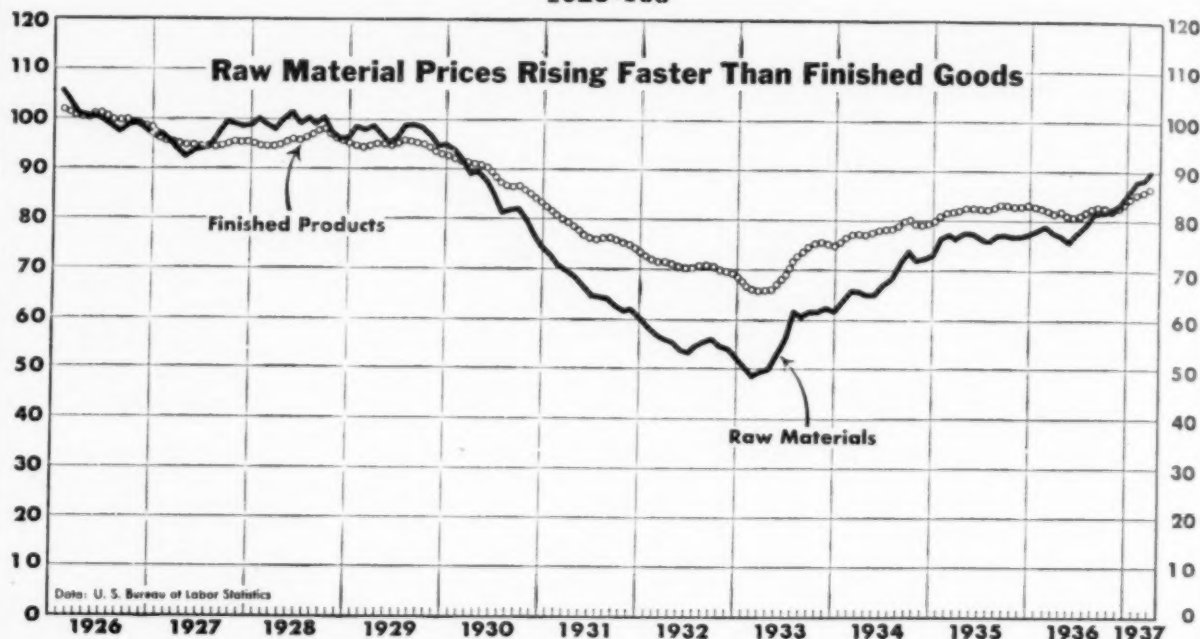
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SQUEEZE PLAY IN PRICES

1926=100



Here are six examples of price pressure being applied by raw materials to manufactured goods. In each case, prices of finished products have lagged behind basic materials, despite the fact that manufacturing costs are also being raised by higher wage rates. Ultimately the retail customer will feel the price impact on his pocketbook.

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Pass Hat for Ducks

\$3,000,000 sought to buy land in Canada and produce fowl at 5c per bird.

ONE thing is more depressing to duck hunters than the present scarcity of game, and that is the outlook for future years. Until early this year the only remedies suggested for the duck situation were still shorter seasons, closing them in alternate years, or closing them indefinitely. An alternate plan is now being presented to wildfowlers throughout United States and Canada which, if it works, will be the answer to a million duck hunters' prayers. Instead of curbing duck shooting, the plan of Ducks Unlimited promises longer open seasons, larger bag limits, and repeal of petty unenforceable shooting regulations. All of the foregoing may be had provided duck hunters—not the government, this time—are willing to put up \$3,000,000 to get the job done.

Rebuilding "Factory"

In order to greatly increase our wildfowl population, Ducks Unlimited proposes to rebuild our continental duck factory, most of which is now located in western Canada. Not so many years ago ducks were raised by the millions in the Dakotas, Montana, and Nebraska; but homesteading, droughts, and drainage projects have combined to render this area practically impotent for producing ducks. By acquiring from 500,000 to 1,000,000 acres of land (which is mostly water) in Alberta, Saskatchewan, and Manitoba, the officers of Ducks Unlimited are certain they can produce more ducks per dollar than has ever been done before; they say that a production cost of five cents per bird on wing is entirely possible.

What Survey Showed

The Ducks Unlimited idea is an outgrowth of a two-year survey of the duck situation made by More Game Birds of America foundation. The findings of this survey disclosed among other things that the total prairie breeding duck population in North America is about 40 million birds, of which only 5% nest in the United States. Further, that if the remaining breeding areas in the United States could be rehabilitated to full productive capacity, the results would hardly be noticeable in the continental duck crop.

Ducks Unlimited expects to acquire much of its land by lease at an average price of 10¢ per acre, annually; some land will be purchased outright at about \$2.50 per acre. Provincial officials have indicated a willingness to set aside large areas suitable for duck breeding. Development of these properties—maintaining or raising water

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levels, fire and vermin control, planting cover and food plants—will account for approximately one-third of the \$3,000,000 which the organization hopes to raise over a period of five years.

To date, fund-raising branches of Ducks Unlimited have been organized in 36 states, each having a quota. Illinois, for instance, will be called upon for \$75,000 annually for the next five years; Maryland, \$20,000; Kansas, \$6,000. Frederick H. Ecker, president of the Metropolitan Life Insurance Co., is national treasurer. In Illinois, Philip Armour is active in organization work,

as is Gar Wood, the speed boat king, in Michigan.

There is nothing altruistic about Ducks Unlimited. Although its efforts may save migratory wildfowl from extinction, that is not the story dished up to duck hunters when the hat is passed for subscriptions. To them it is simply this: what kind of shooting do you want? Meat or skeet? Wild-fowlers are told that if they hope to enjoy good duck shooting—or any duck shooting, for that matter—in the future, they will have to pay the bill. The free ride is no more.

Want to Put Ads on Short Waves

Broadcasting chains see great sales possibilities in foreign markets, especially Latin America, and they hope anti-commercial rule will be eased.

ADVERTISING follows the flow of trade, and final 1936 figures show that the United States sold \$347,000,000 of manufactured goods to countries south of the Rio Grande. This was 13% more than in 1935. So the broadcasting chains whose powerful short-wave transmitters can easily carry sales messages below the equator are keeping an eager eye on the revenue possibilities inherent in the advertising support which such a growing volume of trade might command.

Right now, the National Broadcasting Co. and the Columbia Broadcasting System are stymied in the efforts to cash in on these possibilities. Two regulations of the Federal Communications Commission block their path, but the assiduity with which they are cultivating the prospective fields suggests that they have hopes of getting the orders modified or set aside at an early date.

No Commercial "Experiments"

One regulation provides that stations operating on experimental licenses, such as the short-wave transmitters of NBC and CBS, shall not broadcast commercial programs. On this score, however, FCC is occasionally willing to adjust its policies to prevailing exigencies; thus, for example, station WLW has broadcast on 500,000 watts commercially for well over a year, despite the fact that its superpower license—the only one in the country—is definitely experimental.

The second regulation forbids any station to participate in a rebroadcast arrangement, involving the pickup of a short-wave program by a long-wave station, whenever A.T. & T. or RCA communications are available between the two stations. Designed principally to protect against domestic program piracy, this regulation has been frequently waived in the past, but it still

stands as an impediment to the successful operation of the plan whereby an advertiser could buy his foreign broadcasting in a single package, staging a single show which would be aired over a short-wave station and rebroadcast on scheduled arrangements by individual stations in specific Latin American markets.

Might Hit Transcriptions

This short-wave system would not wholly supplant the prevailing pattern of radio advertising in foreign markets—a pattern which involves the recording of special programs here and the airing of the transcriptions over selected stations abroad (*BW*—Feb 29 '36, p. 28). But it might cut heavily into the profitable business of various transcription agencies and foreign station representatives.

The chains are definitely interested in the possibilities of developing the short-wave and rebroadcast system of covering European as well as Latin American markets. This is evident from the fact that the powerful new transmitters which both NBC and CBS have perfected in the past few months turn their directional antennas first east, then south, in airing the schedule of short-wave broadcasts now transmitted daily.

But much as they might like to muscle in on some of the business which Radio Luxembourg now airs at a Sunday rate of \$2,000 an hour—the highest rate in the world—both NBC and CBS realize it would be tough pickings over there, for Radio Luxembourg is the only completely unfettered commercial station in Europe; and the move to open the air to sponsored programs, initiated by Norway, Austria, and Denmark in the past few months, shows little prospect of making headway.

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